

Introduced by Committee on Budget and Fiscal Review

January 10, 2013

An act ~~relating to the Budget Act of 2013~~, to amend Sections 1622, 14002, 14501, 17582, 33127, 35035, 35735.1, 37700, 37710.3, 37710.5, 41020, 41303, 41544, 42127, 42238.15, 42280, 42281, 42282, 42283, 42284, 42285, 42285.5, 42286, 42287, 42289, 42289.1, 42289.2, 42289.3, 42289.4, 42289.5, 42800, 46200, 46201, 46201.2, 46202, 47604.32, 47604.33, 47604.5, 47605, 47605.6, 47613, 47631, 47632, 47635, 47636, 47660, 47663, 48310, 48359.5, 49085, 49536, 52052, 52052.1, 52052.5, 52055.750, 56365, 56366.1, 56836.21, and 56836.24 of, to amend and repeal Sections 42238, 42238.1, 42238.2, and 42238.5 of, to add Sections 35736.5, 42238.01, 42238.02, 42238.025, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, 42238.06, 42238.07, 46207, 46208, 47606.5, and 47607.3 to, to add Article 4.5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, to add Chapter 12.5 (commencing with Section 2574) to Part 2 of Division 1 of Title 1 of, to repeal Sections 14002.3, 17583, 17584, 17584.1, 17584.2, 17585, 17587, 35735.2, 42282.1, 42283.1, 42283.2, 42285.1, 42285.4, 42605, 42606, 46201.3, 46204, 47612.7, 47632.5, 47664, 52051, and 52052.2 of, and to repeal Article 3 (commencing with Section 52053), Article 3.5 (commencing with Section 52055.600), and Article 4 (commencing with Section 52056) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of, the Education Code, to amend Sections 7906 and 50286 of the Government Code, to amend Sections 33492.78, 33607.5, and 33684 of the Health and Safety Code, and to amend Sections 95 and 196.4 of the Revenue and Taxation Code, relating to school finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 91, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2013. School finance.~~

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state. Existing law provides for the provision of instruction at the public elementary and secondary schools maintained by these local educational agencies. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and requires the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues. Existing law also establishes various categorical education programs under which funding is provided for specific educational purposes, including, among many other programs, programs for home-to-school transportation, adult education, teacher training, and class size reduction.

This bill would revise and recast the provisions related to the public financing system by requiring state funding for county superintendents of schools and school districts, and charter schools that previously received a general-purpose entitlement, to be calculated pursuant to a local control funding formula, as specified. The bill would authorize local educational agencies to expend, for any local educational purpose, the funds previously required to be spent for specified categorical education programs, including, among others, programs for teacher training and class size reduction.

This bill would also change the funding calculations for necessary small schools and make other changes related to shifting financial responsibilities and school accountability, and would make other changes to the law relating to elementary and secondary education.

(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school, to annually adopt a budget, as specified.

This bill would require a county board of education and a governing board of a school district to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains

certain elements and that, among other things, was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. The bill would require a charter for a charter school to include many of the local control and accountability plan elements and would require the charter school to annually update its plan related to those elements. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan and provide additional services, the bill would impose a state-mandated local program.

(3) This bill would appropriate \$2,099,161,000 with \$2,000,000 being apportioned to the Governor's Office of Planning and Research for purposes of developing regulations, templates, and evaluation rubrics, as specified, and the remaining funds being apportioned to the Superintendent of Public Instruction for purposes of allocating those funds to county superintendents of schools, school districts, and charter schools pursuant to the local control funding formula.

(4) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(6) Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(7) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2013.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

1 **SECTION 1.** *Section 1622 of the Education Code is amended*
2 *to read:*

3 1622. (a) On or before July 1 of each fiscal year, the county
4 board of education shall adopt an annual budget for the budget
5 year and shall file ~~that the~~ budget with the Superintendent of Public
6 Instruction, the county board of supervisors, and the county auditor.
7 The budget, and supporting data, shall be maintained and made
8 available for public review. The budget shall indicate the date,
9 time, and location at which the county board of education held the
10 public hearing required under Section 1620. *For the 2014–15 fiscal*
11 *year and each fiscal year thereafter, the county board of education*
12 *shall not adopt a budget before the county board of education*
13 *adopts a local control and accountability plan or approves an*
14 *update to an existing local control and accountability plan if an*
15 *existing local control and accountability plan or update to a local*
16 *control and accountability plan is not effective during the budget*
17 *year. The county board of education shall not adopt a budget that*
18 *does not include the expenditures identified in the local control*
19 *and accountability plan and any annual update to the local control*
20 *and accountability plan that will be effective in the subsequent*
21 *fiscal year.*

22 (b) ~~(1)~~ The Superintendent of Public Instruction shall examine
23 the budget to determine ~~whether if it~~ ~~(1)~~ (A) complies with the
24 standards and criteria adopted by the ~~State Board of Education~~
25 *state board* pursuant to Section 33127 for application to final local
26 educational agency budgets, ~~(2)~~ (B) allows the county office of
27 education to meet its financial obligations during the fiscal year,
28 and ~~(3)~~ (C) is consistent with a financial plan that will enable the
29 county office of education to satisfy its multiyear financial
30 commitments. In addition, the Superintendent shall identify any
31 technical corrections to the budget that must be made. On or before
32 August 15, the Superintendent of Public Instruction shall approve
33 or disapprove the budget and, in the event of a disapproval, transmit
34 to the county office of education in writing his or her
35 recommendations regarding revision of the budget and the reasons
36 for those recommendations. ~~For~~

37 (2) *For the 2011–12 fiscal year, notwithstanding any of the*
38 *standards and criteria adopted by the state board pursuant to Section*

33127, the Superintendent, as a condition on approval of a county office of education budget, shall not require a county office of education to project a lower level of revenue per unit of average daily attendance than it received in the 2010–11 fiscal year nor require the county superintendent to certify in writing whether or not the county office of education is able to meet its financial obligations for the two subsequent fiscal years.

(3) *For the 2014–15 fiscal year and each fiscal year thereafter, the Superintendent shall disapprove a budget if any of the following occur:*

(A) *The Superintendent has not approved a local control and accountability plan or an annual update to the local control and accountability plan filed by a county superintendent of schools pursuant to Section 52067.*

(B) *The Superintendent determines that the budget does not include the expenditures necessary to implement the local control and accountability plan or an annual update to the local control and accountability plan that is effective for that budget year.*

(c) On or before September 8, the county board of education shall revise the county office of education budget to reflect changes in projected income or expenditures subsequent to July 1, and to include any response to the recommendations of the Superintendent of Public Instruction, shall adopt the revised budget, and shall file the revised budget with the Superintendent of Public Instruction, the county board of supervisors, and the county auditor. ~~Prior to~~ *Before* revising the budget, the county board of education shall hold a public hearing regarding the proposed revisions, which shall be made available for public inspection not less than three working days ~~prior to~~ *before* the hearing. The agenda for that hearing shall be posted at least 72 hours ~~prior to~~ *before* the public hearing and shall include the location where the budget will be available for public inspection. The revised budget, and supporting data, shall be maintained and made available for public review.

(d) ~~The Superintendent of Public Instruction shall examine the revised budget to determine whether if it complies with the standards and criteria adopted by the State Board of Education~~ *state board* pursuant to Section 33127 for application to final local educational agency budgets and, no later than October 8, shall approve or disapprove the revised budget. *For the 2014–15 fiscal year and each fiscal year thereafter, the Superintendent shall*

1 *disapprove a revised budget if the Superintendent determines that*
2 *the revised budget does not include the expenditures necessary to*
3 *implement the local control and accountability or an annual update*
4 *to the local control and accountability plan approved by the*
5 *Superintendent pursuant to Section 52067. If the Superintendent*
6 ~~of Public Instruction~~ *disapproves the budget, he or she shall call*
7 *for the formation of a budget review committee pursuant to Section*
8 *1623. For the 2011–12 fiscal year, notwithstanding any of the*
9 *standards and criteria adopted by the state board pursuant to Section*
10 *33127, the Superintendent, as a condition on approval of a county*
11 *office of education budget, shall not require a county office of*
12 *education to project a lower level of revenue per unit of average*
13 *daily attendance than it received in the 2010–11 fiscal year nor*
14 *require the county superintendent to certify in writing whether or*
15 *not the county office of education is able to meet its financial*
16 *obligations for the two subsequent fiscal years.*

17 (e) Notwithstanding any other provision of this section, the
18 budget review for a county office of education shall be governed
19 by paragraphs (1), (2), and (3) of this subdivision, rather than by
20 subdivisions (c) and (d), if the county board of education so elects,
21 and notifies the Superintendent ~~of Public Instruction~~ in writing of
22 that decision, no later than October 31 of the immediately
23 preceding calendar year.

24 (1) In the event of the disapproval of the budget of a county
25 office of education pursuant to subdivision (b), on or before
26 September 8, the county superintendent of schools and the county
27 board of education shall review the recommendations of the
28 Superintendent ~~of Public Instruction~~ at a regularly scheduled
29 meeting of the county board of education and respond to those
30 recommendations. That response shall include the proposed actions
31 to be taken, if any, as a result of those recommendations.

32 (2) No later than October 8, after receiving the response required
33 under paragraph (1), the Superintendent ~~of Public Instruction~~ shall
34 review that response and either approve or disapprove the budget
35 of the county office of education. *For the 2014–15 fiscal year and*
36 *each fiscal year thereafter, the Superintendent shall disapprove a*
37 *budget if the Superintendent determines that the budget adopted*
38 *by the county board of education does not include the expenditures*
39 *necessary to implement the local control and accountability plan*
40 *or an annual update to the local control and accountability plan*

approved by the Superintendent pursuant to Section 52067. If the Superintendent of Public Instruction disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 1623.

(3) Not later than 45 days after the Governor signs the annual Budget Act, the county office of education shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act.

SEC. 2. Chapter 12.5 (commencing with Section 2574) is added to Part 2 of Division 1 of Title 1 of the Education Code, to read:

CHAPTER 12.5. COUNTY LOCAL CONTROL FUNDING FORMULA

2574. For the 2013–14 fiscal year and for each fiscal year thereafter, the Superintendent annually shall calculate a county local control funding formula for each county superintendent of schools as follows:

(a) Compute a county office of education operations grant equal to the sum of each of the following amounts:

(1) Six hundred fifty-five thousand nine hundred twenty dollars (\$655,920).

(2) One hundred nine thousand three hundred twenty dollars (\$109,320) multiplied by the number of school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253.

(3) (A) Seventy dollars (\$70) multiplied by the number of units of countywide average daily attendance, up to a maximum of 30,000 units. For purposes of this section, countywide average daily attendance means the aggregate number of annual units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253, charter schools physically located within the county, and the schools operated by the county superintendent of schools.

(B) Sixty dollars (\$60) multiplied by the number of units of countywide average daily attendance for the portion of countywide average daily attendance, if any, above 30,000 units, up to a maximum of 60,000 units.

1 (C) Fifty dollars (\$50) multiplied by the number of units of
2 countywide average daily attendance for the portion of countywide
3 average daily attendance, if any, above 60,000, up to a maximum
4 of 140,000 units.

5 (D) Forty dollars (\$40) multiplied by the number of units of
6 countywide average daily attendance for the portion of countywide
7 average daily attendance, if any, above 140,000 units.

8 (4) For the 2014–15 fiscal year and each fiscal year thereafter,
9 adjust each of the amounts provided in the prior year pursuant to
10 paragraphs (1), (2), and (3) by the percentage change in the annual
11 average value of the Implicit Price Deflator for State and Local
12 Government Purchases of Goods and Services for the United
13 States, as published by the United States Department of Commerce
14 for the 12-month period ending in the third quarter of the prior
15 fiscal year. This percentage change shall be determined using the
16 latest data available as of May 10 of the preceding fiscal year
17 compared with the annual average value of the same deflator for
18 the 12-month period ending in the third quarter of the second
19 preceding fiscal year, using the latest data available as of May 10
20 of the preceding fiscal year, as reported by the Department of
21 Finance.

22 (b) Determine the enrollment percentage of unduplicated pupils
23 pursuant to the following:

24 (1) (A) For the 2013–14 fiscal year, divide the enrollment of
25 unduplicated pupils in all schools operated by a county
26 superintendent of schools in the 2013–14 fiscal year by the total
27 enrollment in those schools in the 2013–14 fiscal year.

28 (B) For the 2014–15 fiscal year, divide the sum of the enrollment
29 of unduplicated pupils in all schools operated by a county
30 superintendent of schools in the 2013–14 and 2014–15 fiscal years
31 by the sum of the total enrollment in those schools in the 2013–14
32 and 2014–15 fiscal years.

33 (C) For the 2015–16 fiscal year and each fiscal year thereafter,
34 divide the sum of the enrollment of unduplicated pupils in all
35 schools operated by a county superintendent of schools in the
36 current fiscal year and the two prior fiscal years by the sum of the
37 total enrollment in those schools in the current fiscal year and the
38 two prior fiscal years.

39 (D) For purposes of determining the enrollment percentage of
40 unduplicated pupils pursuant to this subdivision, enrollment in

1 *schools or classes established pursuant to Article 2.5 (commencing*
2 *with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title*
3 *2 and the enrollment of pupils other than the pupils identified in*
4 *clauses (i) to (iii), inclusive, of subparagraph (A) of paragraph*
5 *(4) of subdivision (c), shall be excluded from the calculation of*
6 *the enrollment percentage of unduplicated pupils.*

7 *(2) For purposes of this section, an “unduplicated pupil” is a*
8 *pupil who is classified as an English learner, eligible to receive a*
9 *free or reduced-price meal, or a foster youth. For purposes of this*
10 *section, the definitions in Section 42238.01 of an English learner,*
11 *a pupil eligible to receive a free or reduced-price meal, and foster*
12 *youth shall apply. A pupil shall be counted only once for purposes*
13 *of this section if any of the following apply:*

14 *(A) The pupil is classified as an English learner and is eligible*
15 *for a free or reduced-price meal.*

16 *(B) The pupil is classified as an English learner and is a foster*
17 *youth.*

18 *(C) The pupil is eligible for a free or reduced-price meal and*
19 *is classified as a foster youth.*

20 *(D) The pupil is classified as an English learner, is eligible for*
21 *a free or reduced-price meal, and is a foster youth.*

22 *(3) (A) Commencing with the 2013–14 fiscal year, a county*
23 *superintendent of schools annually shall report the enrollment of*
24 *unduplicated pupils, pupils classified as English learners, pupils*
25 *eligible for free and reduced-price meals, and foster youth in*
26 *schools operated by the county superintendent of schools to the*
27 *Superintendent using the California Longitudinal Pupil*
28 *Achievement Data System.*

29 *(B) The Superintendent shall make the calculations pursuant*
30 *to this section using the data submitted through the California*
31 *Longitudinal Pupil Achievement Data System.*

32 *(C) The Controller shall include instructions, as appropriate,*
33 *in the audit guide required by subdivision (a) of Section 14502.1*
34 *for determining if the data reported by a county superintendent of*
35 *schools using the California Longitudinal Pupil Achievement Data*
36 *System is consistent with pupil data records maintained by the*
37 *county office of education.*

38 *(c) Compute an alternative education grant equal to the sum of*
39 *the following:*

1 (1) (A) For the 2013–14 fiscal year, a base grant equal to the
2 2012–13 per pupil undeficitated statewide average juvenile court
3 school base revenue limit calculated pursuant to Article 3
4 (commencing with Section 2550), as that article read on January
5 1, 2013.

6 (B) Commencing with the 2013–14 fiscal year, the per pupil
7 base grant shall be adjusted by the percentage change in the
8 annual average value of the Implicit Price Deflator for State and
9 Local Government Purchases of Goods and Services for the United
10 States, as published by the United States Department of Commerce
11 for the 12-month period ending in the third quarter of the prior
12 fiscal year. This percentage change shall be determined using the
13 latest data available as of May 10 of the preceding fiscal year
14 compared with the annual average value of the same deflator for
15 the 12-month period ending in the third quarter of the second
16 preceding fiscal year, using the latest data available as of May 10
17 of the preceding fiscal year, as reported by the Department of
18 Finance.

19 (2) A supplemental grant equal to 35 percent of the base grant
20 described in paragraph (1) multiplied by the enrollment percentage
21 calculated in subdivision (b). The supplemental grant shall be
22 expended in accordance with the regulations adopted pursuant to
23 Section 42238.07.

24 (3) (A) A concentration grant equal to 35 percent of the base
25 grant described in paragraph (1) multiplied by the greater of either
26 of the following:

27 (i) The enrollment percentage calculated in subdivision (b) less
28 50 percent.

29 (ii) Zero.

30 (B) The concentration grant shall be expended in accordance
31 with the regulations adopted pursuant to Section 42238.07.

32 (4) (A) Multiply the sum of paragraphs (1), (2), and (3) by the
33 total number of units of average daily attendance for pupils
34 attending schools operated by a county office of education,
35 excluding units of average daily attendance for pupils attending
36 schools or classes established pursuant to Article 2.5 (commencing
37 with Section 48645) of Chapter 4 of Part 27 of Division 4 of Title
38 2, who are any of the following:

39 (i) Probation-referred pursuant to Sections 300, 601, 602, and
40 654 of the Welfare and Institutions Code.

1 (ii) *On probation or parole and not in attendance in a school.*
2 (iii) *Expelled for any of the reasons specified in subdivision (a)*
3 *or (c) of Section 48915.*

4 (B) *Multiply the number of units of average daily attendance*
5 *for pupils attending schools or classes established pursuant to*
6 *Article 2.5 (commencing with Section 48645) of Chapter 4 of Part*
7 *27 of Division 4 of Title 2 by the sum of the base grant calculated*
8 *in paragraph (1), a supplemental grant equal to 35 percent of the*
9 *base grant pursuant to paragraph (1), and a concentration grant*
10 *equal to 17.5 percent of the base grant pursuant to paragraph (1).*
11 *Funds provided for the supplemental and concentration grants*
12 *pursuant to this calculation shall be expended in accordance with*
13 *the regulations adopted pursuant to Section 42238.07.*

14 (C) *Add the amounts calculated in subparagraphs (A) and (B).*

15 (d) *Add the amount calculated in subdivision (a) to the amount*
16 *calculated in subparagraph (C) of paragraph (4) of subdivision*
17 *(c).*

18 (e) *Add all of the following to the amount calculated in*
19 *subdivision (d):*

20 (1) *The amount of funding a county superintendent of schools*
21 *received for the 2012–13 fiscal year from funds allocated pursuant*
22 *to the Targeted Instructional Improvement Block Grant program,*
23 *as set forth in Article 6 (commencing with Section 41540) of*
24 *Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read*
25 *on January 1, 2013.*

26 (2) (A) *The amount of funding a county superintendent of*
27 *schools received for the 2012–13 fiscal year from funds allocated*
28 *pursuant to the Home to School Transportation program, as set*
29 *forth in Article 2 (commencing with Section 39820) of Chapter 1*
30 *of Part 23.5 of Division 3 of Title 2, and Article 10 (commencing*
31 *with Section 41850) of Chapter 5 of Part 24 of Division 3 of Title*
32 *2, as those articles read on January 1, 2013.*

33 (B) *On or before March 1, 2014, the Legislative Analyst’s Office*
34 *shall submit recommendations to the fiscal committees of both*
35 *houses of the Legislature regarding revisions to the methods of*
36 *funding pupil transportation that address historical funding*
37 *inequities across county offices of education and school districts*
38 *and improve incentives for local educational agencies to provide*
39 *efficient and effective pupil transportation services.*

1 (f) *The funds apportioned pursuant to this section and Section*
2 *2575 shall be available to implement the activities required*
3 *pursuant to Article 4.5 (commencing with Section 52060) of*
4 *Chapter 6.1 of Part 28 of Division 4 of Title 2.*

5 2575. (a) *Commencing with the 2013–14 budget year and for*
6 *each fiscal year thereafter, the Superintendent shall calculate a*
7 *base entitlement for the transition to the county local control*
8 *funding formula for each county office of education based on the*
9 *sum of the amounts computed pursuant to paragraphs (1) to (3),*
10 *inclusive:*

11 (1) *Revenue limits in the 2012–13 fiscal year pursuant to Article*
12 *3 (commencing with Section 2550) of Chapter 12, as that article*
13 *read on January 1, 2013, adjusted only for changes in average*
14 *daily attendance claimed by the county superintendent of schools*
15 *for pupils identified in clauses (i), (ii), and (iii) of subparagraph*
16 *(A) of paragraph (4) of subdivision (c) of Section 2574 and for*
17 *pupils attending juvenile court schools. All other average daily*
18 *attendance claimed by the county superintendent of schools and*
19 *any other average daily attendance used for purposes of*
20 *calculating revenue limits pursuant to Article 3 (commencing with*
21 *Section 2550) of Chapter 12, as that article read on January 1,*
22 *2013, shall be considered final for purposes of this section as of*
23 *the annual apportionment for the 2012–13 fiscal year, as calculated*
24 *for purposes of the certification required on or before February*
25 *20, 2014, pursuant to Section 41332.*

26 (2) *The sum of both of the following:*

27 (A) *The amount of funding received from appropriations*
28 *contained in Section 2.00 of the Budget Act of 2012, as adjusted*
29 *by Section 12.42, in the following items: 6110-104-0001,*
30 *6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001,*
31 *6110-124-0001, 6110-128-0001, 6110-137-0001, 6110-144-0001,*
32 *6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001,*
33 *6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001,*
34 *6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001,*
35 *6110-212-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001,*
36 *6110-234-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,*
37 *6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,*
38 *6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001,*
39 *6110-267-0001, 6110-268-0001, and 6360-101-0001, 2012–13*
40 *fiscal year funding for the Class Size Reduction Program pursuant*

1 to Chapter 6.10 (commencing with Section 52120) of Part 28 of
2 Division 4 of Title 2, as it read on January 1, 2013, and 2012–13
3 fiscal year funding for pupils enrolled in community day schools
4 who are mandatorily expelled pursuant to subdivision (c) of Section
5 48915.

6 (B) The amount of local revenues used to support a regional
7 occupational center or program established and maintained by a
8 county superintendent of schools pursuant to Section 52301.

9 (3) For the 2014–15 fiscal year and for each fiscal year
10 thereafter, the sum of the amounts apportioned to the county office
11 of education pursuant to subdivision (f) in all prior years.

12 (b) The Superintendent shall annually compute a county local
13 control funding formula transition adjustment for each county
14 superintendent of schools as follows:

15 (1) Subtract the amount computed pursuant to subdivision (a)
16 from the amount computed pursuant to subdivision (e) of Section
17 2574. A difference of less than zero shall be deemed to be zero.

18 (2) Divide the difference for each county superintendent of
19 schools calculated pursuant to paragraph (1) by the total sum of
20 the differences for all county superintendents of schools calculated
21 pursuant to paragraph (1).

22 (3) Multiply the proportion calculated for each county office of
23 education pursuant to paragraph (2) by the amount of funding
24 specifically appropriated for purposes of subdivision (f). The
25 amount calculated shall not exceed the difference for the county
26 superintendent of schools calculated pursuant to paragraph (1).

27 (c) The Superintendent shall subtract from the amount calculated
28 pursuant to subdivision (a) the sum of each of the following:

29 (1) Local property tax revenues received pursuant to Section
30 2573 in the then current fiscal year.

31 (2) Any amounts that the county superintendent of schools was
32 required to maintain as restricted and not available for expenditure
33 in the 1978–79 fiscal year as specified in the second paragraph
34 of subdivision (c) of Section 6 of Chapter 292 of the Statutes of
35 1978, as amended by Chapter 51 of the Statutes of 1979.

36 (3) The amount received pursuant to subparagraph (C) of
37 paragraph (3) of subdivision (a) of Section 33607.5 of the Health
38 and Safety Code that is considered property taxes pursuant to that
39 section.

1 (4) *The amount, if any, received pursuant to Sections 34177,*
2 *34179.5, 34179.6, and 34188 of the Health and Safety Code.*

3 (5) *The amount, if any, received pursuant to subparagraph (B)*
4 *of paragraph (3) of subdivision (e) of Section 36 of Article XIII of*
5 *the California Constitution.*

6 (d) *The Superintendent shall subtract from the amount computed*
7 *pursuant to subdivision (e) of Section 2574 the sum of the amounts*
8 *computed pursuant to paragraphs (1) to (5), inclusive, of*
9 *subdivision (c).*

10 (e) *The Superintendent shall annually apportion to each county*
11 *superintendent of schools the amount calculated pursuant to*
12 *subdivision (c) unless the amount computed pursuant to subdivision*
13 *(c) is negative. If the amount computed is negative, except as*
14 *provided in subdivision (f), an amount of property tax of the county*
15 *superintendent of schools equal to the negative amount shall be*
16 *deemed restricted and not available for expenditure during the*
17 *fiscal year. In the following fiscal year, that amount, excluding*
18 *any amount of funds used for purposes of subdivision (f), shall be*
19 *considered restricted local property tax revenue for purposes of*
20 *subdivision (a) of Section 2578. State aid shall not be apportioned*
21 *to the county superintendent of schools pursuant to this subdivision*
22 *if the amount computed pursuant to subdivision (c) is negative.*

23 (f) (1) *The Superintendent shall apportion, from an*
24 *appropriation specifically made for this purpose, the amount*
25 *computed pursuant to subdivision (b), or, if the amount computed*
26 *pursuant to subdivision (c) is negative, the sum of the amounts*
27 *computed pursuant to subdivisions (b) and (c) if the sum is greater*
28 *than zero.*

29 (2) *The Superintendent shall apportion any portion of the*
30 *appropriation made for purposes of paragraph (1) that is not*
31 *apportioned pursuant to paragraph (1) pursuant to the following*
32 *calculation:*

33 (A) *Add the amount calculated pursuant to subdivision (b) to*
34 *the amount computed pursuant to subdivision (a) for a county*
35 *superintendent of schools.*

36 (B) *Subtract the amount computed pursuant to subparagraph*
37 *(A) from the amount computed pursuant to subdivision (e) of*
38 *Section 2574 for the county superintendent of schools.*

39 (C) *Divide the difference for the county superintendent of*
40 *schools computed pursuant to subparagraph (B) by the sum of the*

1 *differences for all county superintendents of schools computed*
2 *pursuant to subparagraph (B).*

3 *(D) Multiply the proportion computed pursuant to subparagraph*
4 *(B) by the unapportioned balance in the appropriation.*

5 *(E) Apportion to each county superintendent of schools the*
6 *amount calculated pursuant to subparagraph (D), or if subdivision*
7 *(c) is negative, apportion the sums of subdivisions (b) and (c) and*
8 *subparagraph (D) if the sum is greater than zero.*

9 *(F) The Superintendent shall repeat the computation made*
10 *pursuant to this paragraph, accounting for any additional amounts*
11 *apportioned after each computation, until the appropriation made*
12 *for purposes of paragraph (1) is fully apportioned.*

13 *(G) The total amount apportioned pursuant to this subdivision*
14 *to a county superintendent of schools shall not exceed the*
15 *difference for the county superintendent of schools calculated*
16 *pursuant to paragraph (1) of subdivision (b).*

17 *(g) (1) For a county superintendent of schools for whom, in the*
18 *2013–14 fiscal year, the amount computed pursuant to subdivision*
19 *(c) is less than the amount computed pursuant to subdivision (d),*
20 *in the first fiscal year following the fiscal year in which the sum*
21 *of the apportionments pursuant to subdivisions (e) and (f) is equal*
22 *to the amount calculated pursuant to subdivision (d) of this section,*
23 *the Superintendent shall apportion to the county superintendent*
24 *of schools the amount computed in subdivision (d) in that fiscal*
25 *year and each fiscal year thereafter instead of the amounts*
26 *computed pursuant to subdivisions (e) and (f).*

27 *(2) For a county superintendent of schools for whom, in the*
28 *2013–14 fiscal year, the amount computed pursuant to subdivision*
29 *(c) is greater than the amount computed pursuant to subdivision*
30 *(d), in the first fiscal year in which the amount computed pursuant*
31 *to subdivision (c) would be less than the amount computed pursuant*
32 *to subdivision (d), the Superintendent shall apportion to the county*
33 *superintendent of schools the amount computed in subdivision (d)*
34 *in that fiscal year and each fiscal year thereafter instead of the*
35 *amounts computed pursuant to subdivisions (e) and (f).*

36 *(3) In each fiscal year, the Superintendent shall determine the*
37 *percentage of county superintendents of schools that are*
38 *apportioned funding that is less than the amount computed*
39 *pursuant to subdivision (d), as of the second principal*
40 *apportionment of the fiscal year. If the percentage is less than 10*

1 percent, the Superintendent shall apportion to those county
2 superintendents of schools funding equal to the amount computed
3 in subdivision (d) in that fiscal year and for each fiscal year
4 thereafter instead of the amounts calculated pursuant to
5 subdivisions (e) and (f).

6 (4) Commencing with the first fiscal year after the
7 apportionments in paragraph (3) are made, the adjustments in
8 paragraph (4) of subdivision (a) of Section 2574 and subparagraph
9 (B) of paragraph (1) of subdivision (c) of Section 2574 shall be
10 made only if an appropriation for those purposes is included in
11 the annual Budget Act.

12 (5) If the calculation pursuant to subdivision (d) is negative and
13 the Superintendent apportions to a county superintendent of schools
14 the amount computed pursuant to subdivision (d) pursuant to
15 paragraph (1), (2), or (3), an amount of property tax of the county
16 superintendent of schools equal to the negative amount shall be
17 deemed restricted and not available for expenditure during that
18 fiscal year. In the following fiscal year the restricted amount shall
19 be considered restricted local property tax revenue for purposes
20 of subdivision (a) of Section 2578.

21 (h) Commencing with the 2013–14 fiscal year, the
22 Superintendent shall apportion to a county superintendent of
23 schools an amount of state aid, including any amount apportioned
24 pursuant to subdivisions (f) and (g), that is no less than the amount
25 calculated in subparagraph (A) of paragraph (2) of subdivision
26 (a).

27 (i) For the 2013–14 and 2014–15 fiscal years only, a county
28 superintendent of schools who, in the 2012–13 fiscal year, from
29 any of the funding sources identified in paragraph (1) or (2) of
30 subdivision (a), received funds on behalf of, or provided funds to,
31 a regional occupational center or program joint powers agency
32 established in accordance with Article 1 (commencing with Section
33 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code
34 for purposes of providing instruction to pupils enrolled in grades
35 9 to 12, inclusive, shall not redirect that funding for another
36 purpose unless otherwise authorized in law or pursuant to an
37 agreement between the regional occupational center or program
38 joint powers agency and the contracting county superintendent of
39 schools.

1 (j) *For the 2013–14 and 2014–15 fiscal years only, a county*
2 *superintendent of schools who, in the 2012–13 fiscal year, from*
3 *any of the funding sources identified in paragraph (1) or (2) of*
4 *subdivision (a), received funds on behalf of, or provided funds to,*
5 *a home-to-school transportation joint powers agency established*
6 *in accordance with Article 1 (commencing with Section 6500) of*
7 *Chapter 5 of Division 7 of Title 1 of the Government Code for*
8 *purposes of providing pupil transportation shall not redirect that*
9 *funding for another purpose unless otherwise authorized in law*
10 *or pursuant to an agreement between the home-to-school*
11 *transportation joint powers agency and the contracting county*
12 *superintendent of schools.*

13 (k) (1) *In addition to subdivision (j), of the funds a county*
14 *superintendent of schools receives for home-to-school*
15 *transportation programs pursuant to Article 2 (commencing with*
16 *Section 39820) of Chapter 1 of Part 23.5 of Division 3 of Title 2*
17 *and Article 10 (commencing with Section 41850) of Chapter 5 of*
18 *Part 24 of Division 3 of Title 2, the county superintendent of*
19 *schools shall expend no less for those program than the amount*
20 *of funds the county superintendent of schools expended for*
21 *home-to-school transportation in the 2012–13 fiscal year.*

22 (2) *For the 2013–14 and 2014–15 fiscal years only, of the funds*
23 *a county superintendent of schools receives for purposes of*
24 *regional occupational centers or programs, or adult education,*
25 *the county superintendent of schools shall expend no less for each*
26 *of those programs than the amount of funds the county*
27 *superintendent of schools expended for purposes of regional*
28 *occupational centers or programs, or adult education, respectively,*
29 *in the 2012–13 fiscal year.*

30 2576. (a) *If a county superintendent of schools enrolls in a*
31 *school operated by the county superintendent of schools a pupil*
32 *not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)*
33 *of paragraph (4) of subdivision (c) of Section 2574, any attendance*
34 *generated by that pupil shall be credited to the school district of*
35 *residence. Enrollment of these pupils shall be transferred to the*
36 *school district of residence for purposes of calculating the*
37 *percentage of unduplicated pupils pursuant to Section 42238.02.*

38 (b) *For purposes of this section, the school district of residence*
39 *for a homeless child, as defined in Section 1981.2, enrolled in a*
40 *school operated by a county superintendent of schools shall be*

1 *deemed to be the school district that last provided educational*
2 *services to that child or, if it is not possible to determine that school*
3 *district, the largest school district in the county.*

4 2577. *Notwithstanding any other law, revenue limit funding*
5 *for county superintendents of schools for the 2012–13 fiscal year*
6 *and prior fiscal years shall continue to be adjusted pursuant to*
7 *Article 3 (commencing with Section 2550) of Chapter 12, as that*
8 *section read on January 1, 2013.*

9 2578. (a) *Every fiscal year the Superintendent shall determine*
10 *the amount of funds that will be restricted for each county*
11 *superintendent of schools pursuant to subdivisions (e) and (g) of*
12 *Section 2575, as of June 30 of the prior fiscal year.*

13 (b) *The auditor-controller of each county shall distribute the*
14 *amounts determined in subdivision (a) to the Supplemental Revenue*
15 *Augmentation Fund created within the county pursuant to Section*
16 *100.06 of the Revenue and Taxation Code. The amount of funds*
17 *required to be transferred by this subdivision shall be transferred*
18 *annually in two equal shares with the first share transferred on*
19 *or before January 15 of each year and the second share transferred*
20 *after January 15 and on or before May 1 of each year.*

21 (c) *The funds transferred to the Supplemental Revenue*
22 *Augmentation Fund for purposes of this section shall be transferred*
23 *by the county office of education to the auditor-controller of the*
24 *county and shall be exclusively used to offset state costs of*
25 *providing trial court services and costs, until the funds are*
26 *exhausted.*

27 2579. *Commencing on July 1, 2013, all of the following shall*
28 *apply:*

29 (a) *All references to Section 2558 shall instead refer to Section*
30 *2575.*

31 (b) *Unless the context otherwise requires, all references to the*
32 *revenue limit of a county office of education or county*
33 *superintendent of schools shall instead refer to the county local*
34 *control funding formula.*

35 SEC. 3. *Section 14002 of the Education Code is amended to*
36 *read:*

37 ~~14002. (a) The Controller shall during each fiscal year~~
38 ~~commencing with the 1980–81 fiscal year, transfer from the~~
39 ~~General Fund of the state to that portion of the State School Fund~~
40 ~~restricted for elementary and high school purposes, hereinafter~~

1 called Section A of the State School Fund such sums, in addition
2 to the sums accruing from other sources, as shall provide in Section
3 A of the State School Fund for apportionment during the fiscal
4 year a total amount per pupil in average daily attendance during
5 the preceding fiscal year credited to all elementary, high, and
6 unified school districts and to all county superintendents of schools
7 in the state, as certified by the Superintendent of Public Instruction;
8 of one hundred eighty dollars (\$180):

9 (b) ~~The Controller shall also transfer, as needed during each~~
10 ~~fiscal year commencing with the 1980-81 fiscal year, such~~
11 ~~additional amounts from the General Fund to Section A of the~~
12 ~~State School Fund as are certified from time to time by the~~
13 ~~Superintendent of Public Instruction to be necessary to meet actual~~
14 ~~computed apportionments from Section A of the State School Fund~~
15 ~~for the purposes set forth in Section 41301; provided that the total~~
16 ~~of such additional amounts transferred in a fiscal year shall not~~
17 ~~exceed, except pursuant to subdivision (c) of this section, one~~
18 ~~thousand two hundred sixty-eight dollars (\$1,268) for the 1980-81~~
19 ~~fiscal year and fiscal years thereafter, per pupil in average daily~~
20 ~~attendance during the preceding fiscal year credited to all~~
21 ~~elementary, high, and unified school districts and to all county~~
22 ~~superintendents of schools in the state, as certified by the~~
23 ~~Superintendent of Public Instruction:~~

24 (c) ~~In addition to the amounts authorized to be transferred to~~
25 ~~Section A of the State School Fund under subdivisions (a) and (b);~~
26 ~~the Controller shall transfer from the General Fund to Section A~~
27 ~~of the State School Fund during the fiscal year, upon certification~~
28 ~~of the Superintendent of Public Instruction, if necessary to meet~~
29 ~~actual computed apportionments for the fiscal year for the purposes~~
30 ~~set forth in Sections 41300 and 41301, an amount not to exceed~~
31 ~~the lesser of: (1) 1 percent of the total apportionment from Section~~
32 ~~A of the State School Fund in the preceding fiscal year for the~~
33 ~~purposes set forth in Sections 41300 and 41301, or (2) the net~~
34 ~~amount, if any, by which the total amounts authorized to be~~
35 ~~transferred from the General Fund to Section A of the State School~~
36 ~~Fund under subdivisions (a) and (b) in prior fiscal years have~~
37 ~~exceeded the total amounts actually apportioned in prior fiscal~~
38 ~~years for the purposes set forth in Sections 41300 and 41301:~~

39 (d) ~~The Controller shall also transfer to Section A of the State~~
40 ~~School Fund any additional amounts appropriated thereto by the~~

Legislature in augmentation of any of the amounts for any of the purposes set forth in Sections 41300 and 41301 and such additional amounts shall be allowed and apportioned by the Superintendent of Public Instruction and warrants therefor drawn by the Controller in the manner provided in Sections 41050, 46304, and 84503 and in this article, Article 2 (commencing with Section 14040), Article 3 (commencing with Section 41330) of Chapter 3, and Article 1 (commencing with Section 41600) of Chapter 4 of Part 24.

(e) The amounts transferred under subdivisions (a) and (b) of this section shall be cumulatively increased by the following amounts:

(1) In the 1981–82 fiscal year, by 7 percent.

(2) In the 1982–83 fiscal year and each fiscal year thereafter, by 6 percent.

(f) This section shall become operative on July 1, 2002.

14002. Notwithstanding any other law, upon certification of the Superintendent, the Controller shall transfer from the General Fund to Section A of the State School Fund during each fiscal year the amount of moneys required to meet the amounts apportioned pursuant to subdivisions (e) and (g) of Section 2575, and Sections 2577, 42238.02, as implemented by Section 42238.03, and 42238.04 for each fiscal year. If all school districts and charter schools are funded pursuant to the provisions of Section 42238.02 and all county superintendents of schools are funded at or above the calculation made pursuant to subdivision (d) of Section 2575, appropriations for local control funding formula cost-of-living adjustments pursuant to Section 2574 and paragraph (2) of subdivision (d) of Section 42238.02 shall be subject to an appropriation in the annual Budget Act.

SEC. 4. Section 14002.3 of the Education Code is repealed.

14002.3. Notwithstanding any other law, for purposes of Sections 14002, 14004, and 41301, for the 2000–01 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall certify to the Controller amounts that do not exceed the amounts needed to fund the revenue limits of school districts, as determined pursuant to Section 42238, the revenue limits of county superintendents of schools, as determined pursuant to Section 2558, warrants issued pursuant to Section 41329.57, and the revenue limit portion of charter school operational funding, as determined pursuant to Section 47633.

1 *SEC. 5. Section 14501 of the Education Code is amended to*
2 *read:*

3 14501. (a) As used in this chapter, “financial and compliance
4 audit” shall be consistent with the definition provided in the
5 “Standards for Audits of Governmental Organizations, Programs,
6 Activities, and Functions” promulgated by the Comptroller General
7 of the United States. Financial and compliance audits conducted
8 under this chapter shall fulfill federal single audit requirements.

9 (b) As used in this chapter, “compliance audit” means an audit
10 that ascertains and verifies whether or not funds provided through
11 apportionment, contract, or grant, either federal or state, have been
12 properly disbursed and expended as required by law or regulation
13 or both and includes the verification of each of the following:

14 (1) *Expenditure of funds in accordance with the local control*
15 *and accountability plan adopted pursuant to Article 4.5*
16 *(commencing with Section 52060) of Chapter 6.1 of Part 28 of*
17 *Division 4 of Title 2.*

18 ~~(1)~~

19 (2) The reporting requirements for the sufficiency of textbooks
20 or instructional materials, or both, as defined in Section 60119.

21 ~~(2)~~

22 (3) Teacher misassignments pursuant to Section 44258.9.

23 ~~(3)~~

24 (4) The accuracy of information reported on the School
25 Accountability Report Card required by Section 33126. The
26 requirements set forth in paragraphs ~~(1)~~ and (2) and (3) and this
27 paragraph shall be added to the audit guide requirements pursuant
28 to subdivision (b) of Section 14502.1.

29 *SEC. 6. Section 17582 of the Education Code is amended to*
30 *read:*

31 17582. (a) The governing board of ~~each~~ a school district may
32 establish a restricted fund to be known as the “district deferred
33 maintenance fund” for the ~~purpose~~ *purposes* of major repair or
34 replacement of plumbing, heating, air conditioning, electrical,
35 roofing, and floor systems, the exterior and interior painting of
36 school buildings, the inspection, sampling, and analysis of building
37 materials to determine the presence of asbestos-containing
38 materials, the encapsulation or removal of asbestos-containing
39 materials, the inspection, identification, sampling, and analysis of
40 building materials to determine the presence of lead-containing

1 materials, the control, management, and removal of lead-containing
2 materials, and any other items of maintenance approved by the
3 State Allocation Board. Funds deposited in the district deferred
4 maintenance fund may be received from any source ~~whatsoever~~,
5 and shall be accounted for separately from all other funds and
6 accounts and retained in the district deferred maintenance fund for
7 purposes of this section. The term “school building” as used in
8 this article includes a facility that a county office of education is
9 authorized to use pursuant to Article 3 (commencing with Section
10 17280) of Chapter 3.

11 (b) Funds deposited in the district deferred maintenance fund
12 shall only be expended for maintenance purposes as provided
13 pursuant to subdivision (a).

14 (c) The governing board of each school district shall have
15 complete control over the funds and earnings of funds once
16 deposited in the district deferred maintenance fund, ~~provided that~~
17 ~~no funds deposited in the district deferred maintenance fund~~
18 ~~pursuant to subdivision (a) or (b) of Section 17584 may be~~
19 ~~expended by the governing board for any purpose except those~~
20 ~~specified in subdivision (a) of this section fund.~~

21 *SEC. 7. Section 17583 of the Education Code is repealed.*

22 ~~17583. Notwithstanding Section 17582, whenever the state~~
23 ~~funds provided pursuant to Sections 17584 and 17585 are~~
24 ~~insufficient to fully match the local funds deposited in the deferred~~
25 ~~maintenance fund, the governing board of each school district may~~
26 ~~transfer the excess local funds deposited in that fund to any other~~
27 ~~expenditure classifications in other funds of the district. A~~
28 ~~resolution providing for the transfer shall be approved by a~~
29 ~~two-thirds vote of the governing board members and filed with~~
30 ~~the county superintendent of schools and the county auditor.~~

31 *SEC. 8. Section 17584 of the Education Code is repealed.*

32 ~~17584. (a) Each fiscal year, the State Allocation Board shall~~
33 ~~apportion, from the State School Deferred Maintenance Fund, to~~
34 ~~school districts an amount equal to one dollar (\$1) for each one~~
35 ~~dollar (\$1) of local funds up to a maximum of $\frac{1}{2}$ percent of the~~
36 ~~district's second prior fiscal year revenue limit average daily~~
37 ~~attendance multiplied by the average, per unit of second prior fiscal~~
38 ~~year average daily attendance, of the total expenditures and ending~~
39 ~~fund balances of the total general funds and adult education funds~~
40 ~~for districts of similar size and type, as defined in subdivision (b)~~

1 of Section 42238.4, for the second prior fiscal year, exclusive of
2 any amounts expended for capital outlay, debt service, or revenues
3 that are passed through to other local education agencies, to the
4 extent of funds available.

5 (b) In order to be eligible to receive state aid pursuant to
6 subdivision (a), no district shall be required to budget from local
7 district funds an amount greater than $\frac{1}{2}$ percent of the district's
8 second prior fiscal year revenue limit average daily attendance,
9 multiplied by the average, per unit of second prior fiscal year
10 average daily attendance, of the total expenditures and ending fund
11 balances of the total general funds and adult education funds for
12 districts of similar size and type, as defined in subdivision (b) of
13 Section 42238.4 for the second prior fiscal year, exclusive of any
14 amounts expended for capital outlay, debt service, or revenues that
15 are passed through to other local educational agencies.

16 *SEC. 9. Section 17584.1 of the Education Code, as amended*
17 *by Section 18 of Chapter 7 of the Statutes of 2011, is repealed.*

18 ~~17584.1. (a) The governing board of a school district shall~~
19 ~~discuss proposals and plans for expenditure of funds for the~~
20 ~~deferred maintenance of school district facilities at a regularly~~
21 ~~scheduled public hearing.~~

22 ~~(b) The purposes of this section are to inform the public~~
23 ~~regarding the local decisionmaking process relating to the deferred~~
24 ~~maintenance of school facilities and to provide a foundation for~~
25 ~~local accountability in that regard.~~

26 ~~(c) This section shall become inoperative on July 1, 2015, and,~~
27 ~~as of January 1, 2016, is repealed, unless a later enacted statute,~~
28 ~~that becomes operative on or before January 1, 2016, deletes or~~
29 ~~extends the dates on which it becomes inoperative and is repealed.~~

30 *SEC. 10. Section 17584.1 of the Education Code, as amended*
31 *by Section 19 of Chapter 7 of the Statutes of 2011, is repealed.*

32 ~~17584.1. (a) The governing board of a school district shall~~
33 ~~discuss proposals and plans for expenditure of funds for the~~
34 ~~deferred maintenance of school district facilities at a regularly~~
35 ~~scheduled public hearing.~~

36 ~~(b) In any fiscal year that the school district does not set aside~~
37 ~~0.5 percent of its current-year revenue limit average daily~~
38 ~~attendance for deferred maintenance, the governing board of a~~
39 ~~school district shall submit a report to the Legislature by March 1~~

1 of that year, with copies to the Superintendent, the state board, the
2 Department of Finance, and the State Allocation Board.

3 (e) ~~The report required pursuant to subdivision (b) shall include~~
4 ~~all of the following:~~

5 (1) ~~A schedule of the complete school facilities deferred~~
6 ~~maintenance needs of the school district for the current fiscal year,~~
7 ~~including a schedule of costs per schoolsite and total costs.~~

8 (2) ~~A detailed description of the school district's spending~~
9 ~~priorities for the current fiscal year and an explanation of why~~
10 ~~those priorities, or any other considerations, have prevented the~~
11 ~~school district from setting aside sufficient local funds so as to~~
12 ~~permit it to fully fund its deferred maintenance program and, if~~
13 ~~eligible, to participate in the state deferred maintenance funding~~
14 ~~program as set forth in Section 17584.~~

15 (3) ~~An explanation of the manner in which the governing board~~
16 ~~of a school district plans to meet its current-year facilities deferred~~
17 ~~maintenance needs without setting aside the funds set forth in~~
18 ~~Section 17584.~~

19 (d) ~~Copies of the report shall be made available at each~~
20 ~~schoolsite within the school district, and shall be provided to the~~
21 ~~public upon request.~~

22 (e) ~~The purposes of this section are to inform the public~~
23 ~~regarding the local decisionmaking process relating to the deferred~~
24 ~~maintenance of school facilities and to provide a foundation for~~
25 ~~local accountability in that regard.~~

26 (f) ~~This section shall become operative on July 1, 2015.~~

27 *SEC. 11. Section 17584.2 of the Education Code is repealed.*

28 ~~17584.2. At the public hearing required pursuant to Section~~
29 ~~17584.1, the governing board of the school district shall also~~
30 ~~address the use of deferred maintenance funds for the inspection,~~
31 ~~identification, sampling, and analysis of building materials to~~
32 ~~determine the presence of lead-containing materials and the control,~~
33 ~~management, and removal of lead-containing materials.~~

34 *SEC. 12. Section 17585 of the Education Code is repealed.*

35 ~~17585. (a) School districts may submit applications to the~~
36 ~~State Allocation Board for deferred maintenance funding in~~
37 ~~addition to the amounts specified in Section 17584. In order to be~~
38 ~~eligible for an additional apportionment, a school district shall do~~
39 ~~all of the following:~~

1 ~~(1) Certify that if an additional apportionment is provided, the~~
2 ~~district will have matched the additional apportionment amount~~
3 ~~with an equal amount of district funds that have not been previously~~
4 ~~used as a match for state aid.~~

5 ~~(2) Certify an additional claim of not greater than one-half of~~
6 ~~1 percent of the district's current-year revenue limit average daily~~
7 ~~attendance, multiplied by the average, per unit of average daily~~
8 ~~attendance, of the total general funds and adult education funds~~
9 ~~budgeted by districts of similar size and type, as defined in Section~~
10 ~~42238.4 for the prior fiscal year, excluding any amounts budgeted~~
11 ~~for capital outlay or debt service, but including adult education~~
12 ~~funds.~~

13 ~~(3) Certify that any additional funds will be used to meet~~
14 ~~deferred maintenance identified in the district's five-year deferred~~
15 ~~maintenance plan.~~

16 ~~(b) The State Allocation Board shall establish rules and~~
17 ~~regulations regarding the formulas used to apportion additional~~
18 ~~funds pursuant to this section.~~

19 ~~(c) It is the intent of the Legislature that state funds for deferred~~
20 ~~maintenance be drawn first from excess bond repayments by school~~
21 ~~districts, revenues pursuant to subdivision (f) of Section 6217 of~~
22 ~~the Public Resources Code, and proceeds from existing general~~
23 ~~obligation bonds.~~

24 ~~SEC. 13. Section 17587 of the Education Code is repealed.~~

25 ~~17587. (a) Notwithstanding the limitations of Section 17584,~~
26 ~~the State Allocation Board may each year reserve an amount not~~
27 ~~to exceed 10 percent of the funds transferred from any source to~~
28 ~~the State School Deferred Maintenance Fund for apportionments~~
29 ~~to school districts, in instances of extreme hardship. The~~
30 ~~apportionment shall be in addition to the apportionments made~~
31 ~~pursuant to Section 17584. Not less than one-half of all funds made~~
32 ~~available by this section shall be apportioned to school districts~~
33 ~~that had an average daily attendance, excluding summer session~~
34 ~~attendance, of less than 2,501 during the prior fiscal year.~~

35 ~~An extreme hardship shall exist in a school district if the State~~
36 ~~Allocation Board determines the existence of all of the following:~~

37 ~~(1) That the district has deposited in its deferred maintenance~~
38 ~~fund an amount equal to at least 0.5 percent of the total general~~
39 ~~funds and adult education funds budgeted by the district for the~~

1 ~~fiscal year, exclusive of any amounts budgeted for capital outlay~~
2 ~~or debt service.~~

3 ~~(2) That the district has a critical project on its five-year plan~~
4 ~~which, if not completed in one year, could result in serious damage~~
5 ~~to the remainder of the facility or would result in a serious hazard~~
6 ~~to the health and safety of the pupils attending the facility.~~

7 ~~(3) That the total funds deposited by the district and the state~~
8 ~~pursuant to Section 17584 are insufficient to complete the project.~~

9 ~~(b) If a determination is made that a hardship exists pursuant to~~
10 ~~subdivision (a), the State Allocation Board may increase the~~
11 ~~apportionment to a school district by the amount it determines~~
12 ~~necessary to complete the critical project.~~

13 ~~(c) Notwithstanding subdivision (a), in any fiscal year in which~~
14 ~~the State Allocation Board has apportioned all funding from the~~
15 ~~State School Deferred Maintenance Fund for which school districts~~
16 ~~have qualified under Section 17584, the board may apportion any~~
17 ~~amount remaining in that fund for the purposes of this section.~~

18 ~~(d) This section shall become operative on July 1, 2015.~~

19 *SEC. 14. Section 33127 of the Education Code is amended to*
20 *read:*

21 33127. (a) The Superintendent ~~of Public Instruction~~, the
22 Controller, and the Director of the Department of Finance shall
23 develop, on or before March 1, 1989, standards and criteria to be
24 reviewed and adopted by the ~~State Board of Education~~, *state board*,
25 and to be used by local educational agencies in the development
26 of annual budgets and the management of subsequent expenditures
27 from that budget. During the development of the standards and
28 criteria, the Superintendent ~~of Public Instruction~~ shall convene a
29 committee composed of representatives from school districts,
30 county offices of education, state agencies, the Legislature, and
31 appropriate labor and professional organizations. The committee
32 may review and comment on the proposal standards and criteria
33 ~~prior to before~~ their adoption. In addition, the standards and criteria
34 shall be used to monitor the fiscal stability of local educational
35 agencies as provided for in Sections 1240.1, 1240.2, 1621, 1623,
36 33131, 42127, and 42127.1.

37 (b) The Superintendent ~~of Public Instruction~~, the Controller,
38 and the Director of the Department of Finance shall update the
39 standards and criteria developed pursuant to subdivision (a) on or
40 before September 1, 2005. The updated standards and criteria shall

be reviewed and adopted pursuant to the procedure established by subdivision (a) and are applicable to local educational agency budgets commencing with the 2006–07 fiscal year and each fiscal year thereafter.

(c) The Superintendent, the Controller, and the Director of Finance shall update the standards and criteria developed pursuant to subdivision (a) on or before January 1, 2014, to address the requirements of Article 4.5 (commencing with Section 52060) of Chapter 6.1 of Part 28. The updated standards and criteria shall be reviewed and adopted pursuant to the procedure established by subdivision (a) and are applicable to local educational agency budgets commencing with the 2014–15 fiscal year and each fiscal year thereafter.

~~(e)~~
(d) After ~~September 1, 2005,~~ January 1, 2014, to the extent necessary, any revisions or updates to the standards and criteria shall be developed by the Superintendent of Public Instruction, the Controller, and the Director of the Department of Finance pursuant to the ~~procedures~~ procedure established by subdivision (a). The revisions or updates shall specify the fiscal year in which the revisions or updates are applicable.

SEC. 15. Section 35035 of the Education Code is amended to read:

35035. The superintendent of each school district shall, in addition to other powers and duties granted to or imposed upon him or her:

(a) Be the chief executive officer of the governing board of the school district.

(b) Except in a school district where the governing board has appointed or designated an employee other than the superintendent, or a deputy, or assistant superintendent, to prepare and submit a budget, prepare and submit to the governing board of the school district, at the time it may direct, the budget of the school district for the next ensuing school year, and revise and take other action in connection with the budget as the governing board of the school district may desire.

(c) Be responsible for the preparation and submission to the governing board of the school district, at the time the governing board may direct, the local control and accountability plan of the school district for the subsequent school year, and revise and take

1 *other action in connection with the local control and accountability*
2 *plan as the governing board of the school district may desire.*

3 *(d) Except in a school district where the governing board has*
4 *appointed or designated an employee other than the*
5 *superintendent, or a deputy, or assistant superintendent, ensure*
6 *that the local control and accountability plan is implemented.*

7 ~~(e)~~

8 *(e) Subject to the approval of the governing board of the school*
9 *district, assign all employees of school the district employed in*
10 *positions requiring certification qualifications, to the positions in*
11 *which they are to serve. This power to assign includes the power*
12 *to transfer a teacher from one school to another school at which*
13 *the teacher is certificated to serve within the school district when*
14 *the superintendent concludes that the transfer is in the best interest*
15 *of the school district.*

16 ~~(d)~~

17 *(f) Upon adoption, by the school district board, of a school*
18 *district policy concerning transfers of teachers from one school to*
19 *another school within the school district, have authority to transfer*
20 *teachers consistent with that policy.*

21 ~~(e)~~

22 *(g) Determine that each employee of the school district in a*
23 *position requiring certification qualifications has a valid certificated*
24 *document registered as required by law authorizing him or her to*
25 *serve in the position to which he or she is assigned.*

26 ~~(f)~~

27 *(h) Enter into contracts for and on behalf of the school district*
28 *pursuant to Section 17604.*

29 ~~(g)~~

30 *(i) Submit financial and budgetary reports to the governing*
31 *board of the school district as required by Section 42130.*

32 *SEC. 16. Section 35735.1 of the Education Code is amended*
33 *to read:*

34 *35735.1. (a) The ~~base revenue limit~~ local control funding*
35 *formula allocation per unit of average daily attendance for newly*
36 *organized school districts shall be equal to the total of the amount*
37 *of ~~blended revenue limit~~ the local control funding formula*
38 *allocation pursuant to Section 42238.02, as implemented by Section*
39 *42238.03, per unit of average daily attendance of the affected*
40 *school districts computed pursuant to ~~paragraph (1), the amount~~*

~~based on salaries and benefits of classified employees computed pursuant to paragraph (2), the amount based on salaries and benefits of certificated employees calculated pursuant to paragraph (3), and the amount of the inflation adjustment calculated pursuant to paragraph (4) the computations set forth below.~~ The following computations shall be made to determine the ~~base revenue limit local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,~~ per unit of average daily attendance for the newly organized school districts:

~~(1) Perform the following computation to arrive at the blended revenue limit:~~

~~(A)~~

~~(1) Based on the current information available for each affected school district for the second principal apportionment period for the fiscal year, two years prior to year before the fiscal year in which the reorganization is to become effective, multiply the base revenue limit local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03,~~ per unit of average daily attendance for that school district by the number of units of average daily attendance for that school district that the county superintendent of schools determines will be included in the proposed school district.

~~(B)~~

~~(2) Add the amounts calculated pursuant to subparagraph (A) paragraph (1) and divide that sum by the number of units of average daily attendance in the newly organized school districts.~~

~~(2) For each affected school district in the newly organized school districts, the following computation shall be made to determine the amount to be included in the base revenue limit per unit of average daily attendance for the newly organized school districts that is based on the salaries and benefits of full-time equivalent classified employees:~~

~~(A) For each of those school districts, make the following computation to arrive at the highest average amount expended for salaries and benefits for classified full-time employees by the districts:~~

~~(i) Add the amount of all salaries and benefits for classified employees of the district, including both part-time and full-time employees:~~

1 (ii) ~~Divide the amount computed in clause (i) by the total number~~
2 ~~of full-time equivalent classified employees in the district.~~

3 (B) ~~Among those school districts that will make up 25 percent~~
4 ~~or more of the average daily attendance of the resulting newly~~
5 ~~organized school district, compare the amounts determined for~~
6 ~~each of those school districts pursuant to subparagraph (A) and~~
7 ~~identify the highest average amount expended for salaries and~~
8 ~~benefits for classified employees.~~

9 (C) ~~For each of the school districts with salaries and benefits~~
10 ~~that are below the highest average amount identified in~~
11 ~~subparagraph (B) and that are included, in whole or in part, in the~~
12 ~~newly organized district, subtract the amount determined for the~~
13 ~~district pursuant to subparagraph (A) from the amount identified~~
14 ~~pursuant to subparagraph (B).~~

15 (D) ~~For each of those school districts, multiply the amount~~
16 ~~determined for the district pursuant to subparagraph (C) by the~~
17 ~~number of full-time equivalent classified employees employed by~~
18 ~~the district, and then multiply by the percentage of the district's~~
19 ~~average daily attendance to be included in the new district.~~

20 (E) ~~Add the amounts computed for each school district pursuant~~
21 ~~to subparagraph (D).~~

22 (3) ~~For each affected school district in the newly organized~~
23 ~~school districts, the following computation shall be made to~~
24 ~~determine the amount to be included in the base revenue limit per~~
25 ~~unit of average daily attendance for the newly organized school~~
26 ~~districts that is based on the salaries and benefits of full-time~~
27 ~~equivalent certificated employees:~~

28 (A) ~~For each of those school districts, make the following~~
29 ~~computation to determine the highest average amount expended~~
30 ~~for salaries and benefits for certificated full-time employees:~~

31 (i) ~~Add the amount of all salaries and benefits for certificated~~
32 ~~employees, including both part-time and full-time employees.~~

33 (ii) ~~Divide the amount determined in clause (i) by the total~~
34 ~~number of full-time equivalent certificated employees in the~~
35 ~~district.~~

36 (B) ~~Among those school districts that will make up 25 percent~~
37 ~~or more of the average daily attendance of the resulting newly~~
38 ~~organized school district, compare the amounts determined for~~
39 ~~each school district pursuant to subparagraph (A) and identify the~~

1 highest average amount expended for salaries and benefits for
2 certificated employees:

3 (C) For each of the school districts with salaries and benefits
4 that are below the highest average amount identified in
5 subparagraph (B) and that are included, in whole or in part, in the
6 newly organized school district, subtract the amount determined
7 for the district pursuant to subparagraph (A) from the amount
8 identified pursuant to subparagraph (B):

9 (D) For each of those school districts, multiply the amount
10 determined for the district pursuant to subparagraph (C) by the
11 number of full-time equivalent certificated employees of the school
12 district, and then multiply by the percentage of the district's
13 average daily attendance to be included in the new district.

14 (E) Add the amount calculated for each school district identified
15 pursuant to subparagraph (D):

16 (4) The base revenue limit per unit of average daily attendance
17 shall be adjusted for inflation as follows:

18 (A) Add the amounts determined pursuant to subparagraph (B)
19 of paragraph (1), subparagraph (E) of paragraph (2), and
20 subparagraph (E) of paragraph (3), and divide that sum by the
21 number of units of average daily attendance in the newly organized
22 school districts. The amount determined pursuant to this
23 subparagraph shall not exceed 110 percent of the blended revenue
24 limit per unit of average daily attendance calculated pursuant to
25 paragraph (1):

26 (B) (i) Increase the amount determined pursuant to
27 subparagraph (A) by the amount of the inflation adjustment
28 calculated and used for apportionment purposes pursuant to Section
29 42238.1 for the fiscal year immediately preceding the year in which
30 the reorganization becomes effective.

31 (ii) With respect to a school district that unifies effective July
32 1, 1997, and that has an average daily attendance in the 1996-97
33 fiscal year of more than 1,500 units, increase the amount
34 determined pursuant to subparagraph (A) by an amount calculated
35 as follows:

36 (I) For each component district of the newly unified district,
37 multiply the amount of revenue limit equalization aid per unit of
38 average daily attendance determined pursuant to Sections 42238.41,
39 42238.42, and 42238.43, or any other sections of law, for the
40 1996-97 fiscal year by the 1996-97 second principal apportionment

1 units of average daily attendance determined pursuant to Section
2 42238.5 for that component district.

3 (II) Add the results for all component districts, and divide this
4 amount by the sum of the 1996–97 second principal apportionment
5 units of average daily attendance determined pursuant to Section
6 42238.5 for all component districts.

7 (C) Increase the amount determined pursuant to subparagraph
8 (B) by the amount of the inflation adjustment calculated and used
9 for apportionment purposes pursuant to Section 42238.1 for the
10 fiscal year in which the reorganization becomes effective for all
11 purposes.

12 (D) Increase the amount determined pursuant to subparagraph
13 (C) by any other adjustments to the base revenue limit per unit of
14 average daily attendance that the newly organized school districts
15 would have been eligible to receive had they been reorganized in
16 the fiscal year two years prior to the year in which the
17 reorganization becomes effective for all purposes.

18 (b) The amount determined pursuant to subparagraph (D) of
19 paragraph (4) of subdivision (a) shall be the base revenue limit
20 *local control funding formula allocation pursuant to Section*
21 *42238.02, as implemented by Section 42238.03*, per unit of average
22 daily attendance for the newly organized school districts.

23 (c) The base revenue limit per unit of average daily attendance
24 ~~for the~~ of a newly organized school district shall not be greater
25 than the amount set forth in the proposal for reorganization that is
26 approved by the state board. The Superintendent may make
27 adjustments to base revenue limit apportionments to a newly
28 organized school district, if necessary to cause those
29 apportionments to be consistent with this section., *for purposes of*
30 *Sections 42238.02 and 42238.03, shall be the average daily*
31 *attendance that is attributable to the area reorganized for the fiscal*
32 *year before the fiscal year in which the new school district becomes*
33 *effective for all purposes.*

34 (d) If the territorial jurisdiction of any school district was revised
35 pursuant to a unification, consolidation, or other reorganization,
36 occurring on or before July 1, 1989, that resulted in a school district
37 having a larger territorial jurisdiction than the original school
38 district prior to the reorganization, and a reorganization of school
39 districts occurs on or after the effective date of the act that added
40 this subdivision that results in a school district having a territorial

1 jurisdiction that is substantially the same, as determined by the
2 state board, as the territorial jurisdiction of that original school
3 district prior to the most recent reorganization occurring on or
4 before July 1, 1989, the revenue limit of the school district resulting
5 from the subsequent reorganization shall be the same,
6 notwithstanding subdivision (b), as the revenue limit that was
7 determined for the original school district prior to the most recent
8 reorganization occurring on or before July 1, 1989.

9 (e) ~~The average daily attendance of a newly organized school~~
10 ~~district, for purposes of subdivision (d) of Section 42238, shall be~~
11 ~~the average daily attendance that is attributable to the area~~
12 ~~reorganized for the fiscal year two years prior to the fiscal year in~~
13 ~~which the new district becomes effective for all purposes.~~

14 (f) ~~For purposes of computing average daily attendance pursuant~~
15 ~~to subdivision (d) of Section 42238 for each school district that~~
16 ~~exists prior to the reorganization and whose average daily~~
17 ~~attendance is directly affected by the reorganization, the following~~
18 ~~calculation shall apply for the fiscal year two years prior to the~~
19 ~~fiscal year in which the newly reorganized school district becomes~~
20 ~~effective:~~

21 (1) ~~Divide the 1982–83 fiscal year average daily attendance,~~
22 ~~computed pursuant to subdivision (d) of Section 42238, by the~~
23 ~~total average daily attendance of the district pursuant to Section~~
24 ~~42238.5.~~

25 (2) ~~Multiply the percentage computed pursuant to paragraph~~
26 ~~(1) by the total average daily attendance of the district calculated~~
27 ~~pursuant to Section 42238.5, excluding the average daily attendance~~
28 ~~of pupils attributable to the area reorganized.~~

29 (g) ~~This section shall not apply to any reorganization proposal~~
30 ~~approved by the state board prior to January 1, 1995.~~

31 (d) *Notwithstanding this section, commencing with the 2013–14*
32 *fiscal year, a newly reorganized school district shall receive*
33 *state-aid funding pursuant to paragraph (3) of subdivision (b) of*
34 *Section 42238.03 or the total combined per pupil funding amount*
35 *received by each school district pursuant to paragraphs (1) and*
36 *(2) of subdivision (a) of Section 42238.03 for the fiscal year before*
37 *the fiscal year in which the new school district becomes effective*
38 *for all purposes, whichever is greater.*

39 (h)

(e) Notwithstanding any other ~~provision~~ of law, this section shall not be subject to waiver by the state board pursuant to Section 33050 or by the Superintendent.

(f) *Upon a determination that all school districts or charter schools equal or exceed the local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, for all school districts and charter schools, this section shall not apply and the newly reorganized school district shall receive an allocation equal to the amount calculated under Section 42238.02 in that fiscal year and future fiscal years.*

SEC. 17. *Section 35735.2 of the Education Code is repealed.*

~~35735.2. (a) If a newly organized school district is unable to provide the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of that district during the fiscal year in which the reorganization becomes effective for all purposes, the base revenue limit per unit of average daily attendance of the newly organized district shall be the blended revenue limit arrived at pursuant to paragraph (1) of subdivision (a) of Section 35735.1 as adjusted by the calculations made pursuant to subparagraphs (B), (C), and (D) of paragraph (4) of subdivision (a) of Section 35735.1 and subdivision (b) of Section 35735.1. As the newly organized school district obtains the school facilities necessary to provide instructional services by employees of the district to all or a portion of those pupils, the following adjustment shall be made to the base revenue limit per unit of average daily attendance of the district each fiscal year subsequent to the fiscal year in which the reorganization becomes effective until the fiscal year in which the district provides the facilities necessary to provide those services for all of those pupils:~~

~~(1) Determine the total number of pupils who are residents of the district to whom the district was unable to provide school facilities necessary to provide that instruction during the fiscal year in which the reorganization becomes effective for all purposes.~~

~~(2) Determine the total number of pupils identified in paragraph (1) that will attend school in school facilities located in, and receive instructional services provided by employees of, that district in the current fiscal year.~~

1 ~~(3) Divide the number determined pursuant to paragraph (2) by~~
2 ~~the number determined pursuant to paragraph (1) to determine the~~
3 ~~percentage of pupils identified in paragraph (1) who will attend~~
4 ~~school in school facilities located in, and receive instructional~~
5 ~~services provided by employees of, that district in the current fiscal~~
6 ~~year.~~

7 ~~(4) Multiply the numbers determined pursuant to paragraphs~~
8 ~~(2) and (3) of subdivision (a) of Section 35735.1 by the percentage~~
9 ~~determined pursuant to paragraph (3) for that fiscal year, and total~~
10 ~~the amounts. Divide that sum by the number of units of average~~
11 ~~daily attendance residing in the proposed district in the current~~
12 ~~fiscal year.~~

13 ~~(5) Increase the base revenue limit calculated pursuant to~~
14 ~~subdivision (a) of this section for the school district by the amount~~
15 ~~arrived at pursuant to paragraph (4) as adjusted by the calculations~~
16 ~~pursuant to subparagraphs (B), (C), and (D) of paragraph (4) of~~
17 ~~subdivision (a) of Section 35735.1. In no event shall the amount~~
18 ~~determined pursuant to this paragraph exceed that amount that~~
19 ~~would otherwise be calculated pursuant to subdivision (a) of~~
20 ~~Section 35735.1.~~

21 ~~(b) For the purposes of making the adjustments described in~~
22 ~~subdivision (a), the annual audit of the school district required~~
23 ~~pursuant to Section 41020 shall include an audit of the average~~
24 ~~daily attendance of pupils by grade level and the numbers of~~
25 ~~certificated and classified employees on which the adjustments to~~
26 ~~the base revenue limit of the district were made pursuant to~~
27 ~~paragraphs (1), (2), and (3) of subdivision (a) of Section 35735.1.~~
28 ~~Until the newly organized school district provides the school~~
29 ~~facilities necessary to provide instructional services by employees~~
30 ~~of the district to pupils who are residents of the district in the~~
31 ~~manner and in the timeframes set forth in the proposal to reorganize~~
32 ~~that was approved by the State Board of Education, the county~~
33 ~~superintendent of schools shall, for each fiscal year, inform the~~
34 ~~Superintendent of Public Instruction of the extent to which the~~
35 ~~district is providing those facilities to those pupils. The county~~
36 ~~superintendent of schools may charge the school district for the~~
37 ~~cost of preparation of the report. Based on that information, the~~
38 ~~superintendent shall make base revenue limit apportionments to~~
39 ~~the school district in a manner consistent with subdivision (a).~~

~~(e) If the newly organized school district is unable to provide the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of the district five years from the date on which the reorganization becomes effective for all purposes, the State Department of Education shall recommend to the State Board of Education whether or not the district should be lapsed pursuant to Article 5 (commencing with Section 35780). The State Department of Education shall make that recommendation for each fiscal year until either the school district provides the school facilities necessary to provide instructional services by employees of the district to all of the pupils who are residents of the district or the district is lapsed. Upon recommendation by the State Department of Education, the State Board of Education may direct the county committee on school district organization to lapse the school district according to the procedures set forth in Article 5 (commencing with Section 35780).~~

~~(d) This section shall not apply to any reorganization proposal approved by the State Board of Education prior to January 1, 1995.~~

SEC. 18. Section 35736.5 is added to the Education Code, to read:

35736.5. Sections 35735 to 35736, inclusive, shall only apply to actions to reorganize school districts initiated on or after July 1, 2013, for which the order to reorganize, pursuant to Section 35765, is appropriately filed after December 1, 2013, pursuant to Section 54902 of the Government Code. Actions to reorganize school districts initiated before July 1, 2013, for which the order to reorganize is appropriately filed on or before December 1, 2013, shall be implemented pursuant to Sections 35735 to 35736, inclusive, as those sections read on January 1, 2013.

SEC. 19. Section 37700 of the Education Code is amended to read:

37700. (a) Notwithstanding any other law, the Pacific Unified School District, the Leggett Valley Unified School District, and the Reeds Creek Elementary School District may operate one or more schools in their respective districts on a four-day school week, if the district complies with the instructional time requirements specified in Section 37701 and the other requirements of this chapter.

(b) If a school district operates one or more schools on a four-day week pursuant to this section and the program for the school year provides less than the 180 days of instruction required under Section 46200, *as it read on January 1, 2013*, the Superintendent of Public Instruction shall reduce the base revenue limit local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year by the amount the school district would have received for the increase received pursuant to subdivision (a) of Section 46200, *as it read on January 1, 2013*, as adjusted in fiscal years subsequent to the 1984–85 fiscal year. If a school district operates one or more schools on a four-day school week pursuant to this section and the program provides less than the minimum instructional minutes required under Section 46201, *as it read on January 1, 2013*, the Superintendent of Public Instruction shall reduce the base revenue limit local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance for that fiscal year in which the reduction occurs by the amount the school district would have received for the increase in the 1987–88 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (6) of subdivision (b) of Section 42238, *as it read on January 1, 2013*, as adjusted ~~in~~ from the 1987–88 fiscal year ~~and fiscal years thereafter to the 2012–13~~ fiscal year, inclusive, and, commencing with the 2013–14 fiscal year, pursuant to the local control funding formula allocation pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, per unit of average daily attendance.

(c) A school district with an exclusive bargaining representative may operate a school on a four-day school week pursuant to this section only if the school district and the representative of each bargaining unit of school district employees mutually agree to that operation in a memorandum of understanding.

(d) Notwithstanding this section, upon a determination that a school district identified in subdivision (a) equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, the school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03,

1 *shall offer 180 days or more of instruction per school year, and*
2 *meet the minimum minute requirements pursuant to paragraph*
3 *(1) of subdivision (a) of Section 46207.*

4 SEC. 20. *Section 37710.3 of the Education Code is amended*
5 *to read:*

6 37710.3. (a) Beginning in the 2010–11 fiscal year, the Alpaugh
7 Unified School District may operate one or more schools in the
8 school district on a four-day school week if the district complies
9 with the instructional time requirements in Section 37701 and the
10 other requirements of this chapter. The state board may waive
11 five-consecutive-day operating requirements for any of the
12 following programs that operate on a four-day school week
13 pursuant to this section, provided that the district meets the
14 minimum time requirement for each program:

- 15 (1) Preschools.
- 16 (2) Before and after school programs.
- 17 (3) Independent study programs.
- 18 (4) Child nutrition and food service programs.
- 19 (5) Community day schools.
- 20 (6) Regional occupational centers or programs.
- 21 (7) Continuation high schools.

22 (b) If the school district operates one or more schools on a
23 four-day school week pursuant to this section, and the program
24 for the school year provides fewer than the 180 days of instruction
25 required under Section 46200, *as it read on January 1, 2013*, the
26 Superintendent shall reduce the ~~base revenue limit~~ *local control*
27 *funding formula allocation pursuant to Section 42238.02, as*
28 *implemented pursuant to Section 42238.03*, per unit of average
29 daily attendance for that fiscal year by the amount the school
30 district would have received for the increase received pursuant to
31 subdivision (a) of Section 46200, *as it read on January 1, 2013*,
32 as adjusted in fiscal years subsequent to the 1984–85 fiscal year.
33 If the school district operates one or more schools on a four-day
34 school week pursuant to this section, and the program provides
35 fewer than the minimum instructional minutes required under
36 Section 46201, *as it read on January 1, 2013*, the Superintendent
37 shall reduce the ~~base revenue limit~~ *local control funding formula*
38 *allocation pursuant to Section 42238.02, as implemented pursuant*
39 *to Section 42238.03*, per unit of average daily attendance for that
40 fiscal year in which the reduction occurs by the amount the school

1 district would have received for the increase in the base revenue
2 limit per unit of average daily attendance pursuant to subdivision
3 (a) of Section 46201, *as it read on January 1, 2013*, as adjusted
4 ~~in from the 1987–88 fiscal year and fiscal years thereafter to the~~
5 *2012–13 fiscal year, inclusive, and, commencing with the 2013–14*
6 *fiscal year, pursuant to the local control funding formula allocation*
7 *pursuant to Section 42238.02, as implemented pursuant to Section*
8 *42238.03, per unit of average daily attendance.*

9 (c) Notwithstanding Section 37710, if a small school having
10 between 11 and 99 valid Standardized Testing and Reporting
11 Program test scores operating on a four-day school week fails to
12 achieve its Academic Performance Index growth target pursuant
13 to Section 52052 for two consecutive years, the authority of that
14 school to operate on a four-day school week shall be permanently
15 revoked commencing with the school year following the second
16 consecutive year the school failed to achieve its Academic
17 Performance Index growth rate.

18 (d) If the school district operates one or more schools on a
19 four-day school week pursuant to this section, the school district
20 shall submit a report to the department, the Senate Committee on
21 Education, and the Assembly Committee on Education on or before
22 January 15, 2015. The report shall include, but not necessarily be
23 limited to, information on all of the following:

24 (1) Programs the district offered on the fifth schoolday and their
25 participation rates.

26 (2) Whether the four-day school week schedule resulted in any
27 fiscal savings.

28 (3) Impact on overall attendance of the schools operating a
29 four-day school week.

30 (4) Programs for which the state board waived minimum time
31 and five-consecutive-day requirements and the operational and
32 educational effects of the programs if they operated at less time
33 than required.

34 (5) The impact of the four-day school week on crime statistics,
35 especially on the day on which school would otherwise be in
36 session.

37 (6) Information on the Academic Performance Index, pursuant
38 to Section 52052, for every year a school in the district operated
39 on a four-day school week. The information shall include, but not
40 necessarily be limited to, the base and growth Academic

1 Performance Index of each school that operated on a four-day
2 school week and whether that school met the Academic
3 Performance growth targets.

4 *(e) Notwithstanding this section, upon a determination that the*
5 *school district identified in subdivision (a) equals or exceeds its*
6 *local control funding formula target computed pursuant to Section*
7 *42238.02 as determined by the calculation of a zero difference*
8 *pursuant to paragraph (1) of subdivision (b) of Section 42238.03,*
9 *the school district, as a condition of apportionment pursuant to*
10 *Section 42238.02, as implemented pursuant to Section 42238.03,*
11 *shall offer 180 days or more of instruction per school year, and*
12 *meet the minimum minute requirements pursuant to paragraph*
13 *(1) of subdivision (a) of Section 46207.*

14 ~~(e)~~

15 *(f) This section shall remain in effect only until January 1, 2016,*
16 *and as of that date is repealed, unless a later enacted statute, that*
17 *is enacted before January 1, 2016, deletes or extends that date.*

18 *SEC. 21. Section 37710.5 of the Education Code is amended*
19 *to read:*

20 37710.5. (a) Beginning in the 2009–10 fiscal year, the Potter
21 Valley Community Unified School District may operate one or
22 more schools in the school district on a four-day school week if
23 the *school* district complies with the instructional time requirements
24 specified in Section 37701 and the other requirements of this
25 chapter. ~~The State Board of Education~~ *state board* may waive
26 five-consecutive-day operating requirements for any of the
27 following programs that operate on a four-day week pursuant to
28 this section, provided that the *school* district meets the minimum
29 time requirement for each program:

- 30 (1) Preschools.
31 (2) Before and after school programs.
32 (3) Independent study programs.
33 (4) Child nutrition and food service programs.
34 (5) Community day schools.
35 (6) Regional occupational centers or programs.
36 (7) Continuation high schools.

37 (b) If the school district operates one or more schools on a
38 four-day week pursuant to this section, and the program for the
39 school year provides fewer than the 180 days of instruction required
40 under Section 46200, *as it read on January 1, 2013,* the

1 Superintendent shall reduce the ~~base revenue limit~~ *local control*
2 *funding formula allocation pursuant to Section 42238.02, as*
3 *implemented pursuant to Section 42238.03, per unit of average*
4 *daily attendance for that fiscal year by the amount the school*
5 *district would have received for the increase received pursuant to*
6 *subdivision (a) of Section 46200, as it read on January 1, 2013,*
7 *as adjusted in fiscal years subsequent to the 1984–85 fiscal year.*
8 If the school district operates one or more schools on a four-day
9 school week pursuant to this section, and the program provides
10 fewer than the minimum instructional minutes required under
11 Section 46201, *as it read on January 1, 2013*, the Superintendent
12 shall reduce the ~~base revenue limit~~ *local control funding formula*
13 *allocation pursuant to Section 42238.02, as implemented pursuant*
14 *to Section 42238.03, per unit of average daily attendance for that*
15 *fiscal year in which the reduction occurs by the amount the school*
16 *district would have received for the increase in the base revenue*
17 *limit per unit of average daily attendance pursuant to subdivision*
18 *(a) of Section 46201, as it read on January 1, 2013, as adjusted*
19 ~~*in from the 1987–88 fiscal year and fiscal years thereafter to the*~~
20 *2012–13 fiscal year, inclusive, and, commencing with the 2013–14*
21 *fiscal year, pursuant to Section 42238.02, as implemented pursuant*
22 *to Section 42238.03, per unit of average daily attendance.*

23 (c) If the school district operates one or more schools on a
24 four-day school week pursuant to this section, the school district
25 shall submit a report to the department, the Senate Committee on
26 Education and the Assembly Committee on Education on January
27 15, 2014. The report shall include, but not necessarily be limited
28 to, information on the following:

29 (1) Programs the district offered on the fifth day and their
30 participation rates.

31 (2) Whether the four-day school week schedule resulted in any
32 fiscal savings.

33 (3) Impact on overall attendance of the schools operating a
34 four-day school week.

35 (4) Programs for which the Superintendent waived minimum
36 time and five-consecutive-day requirements and the operational
37 and educational effect of the programs if they operated at less time
38 than required.

39 (d) *Notwithstanding this section, upon a determination that the*
40 *school district identified in subdivision (a) equals or exceeds its*

1 *local control funding formula target computed pursuant to Section*
2 *42238.02 as determined by the calculation of a zero difference*
3 *pursuant to paragraph (1) of subdivision (b) of Section 42238.03,*
4 *the school district, as a condition of apportionment pursuant to*
5 *Section 42238.02, as implemented pursuant to Section 42238.03,*
6 *shall offer 180 days or more of instruction per school year, and*
7 *meet the minimum minute requirements pursuant to paragraph*
8 *(1) of subdivision (a) of Section 46207.*

9 ~~(d)~~

10 (e) This section shall remain in effect only until January 1, 2015,
11 and as of that date is repealed, unless a later enacted statute, that
12 is enacted before January 1, 2015, deletes or extends that date.

13 SEC. 22. *Section 41020 of the Education Code is amended to*
14 *read:*

15 41020. (a) It is the intent of the Legislature to encourage sound
16 fiscal management practices among local educational agencies for
17 the most efficient and effective use of public funds for the
18 education of children in California by strengthening fiscal
19 accountability at the *school* district, county, and state levels.

20 (b) (1) Not later than the first day of May of each fiscal year,
21 each county superintendent of schools shall provide for an audit
22 of all funds under his or her jurisdiction and control and the
23 governing board of each local educational agency shall either
24 provide for an audit of the books and accounts of the local
25 educational agency, including an audit of income and expenditures
26 by source of funds, or make arrangements with the county
27 superintendent of schools having jurisdiction over the local
28 educational agency to provide for that auditing.

29 (2) A contract to perform the audit of a local educational agency
30 that has a disapproved budget or has received a negative
31 certification on any budget or interim financial report during the
32 current fiscal year or either of the two preceding fiscal years, or
33 for which the county superintendent of schools has otherwise
34 determined that a lack of going concern exists, is not valid unless
35 approved by the responsible county superintendent of schools and
36 the governing board.

37 (3) If the governing board of a local educational agency has not
38 provided for an audit of the books and accounts of the local
39 educational agency by April 1, the county superintendent of schools

1 having jurisdiction over the local educational agency shall provide
2 for the audit of each local educational agency.

3 (4) An audit conducted pursuant to this section shall comply
4 fully with the Government Auditing Standards issued by the
5 Comptroller General of the United States.

6 (5) For purposes of this section, “local educational agency” does
7 not include community colleges.

8 (c) Each audit conducted in accordance with this section shall
9 include all funds of the local educational agency, including the
10 student body and cafeteria funds and accounts and any other funds
11 under the control or jurisdiction of the local educational agency.
12 Each audit shall also include an audit of pupil attendance
13 procedures. *Each audit shall include a determination of whether*
14 *funds were expended pursuant to a local control and accountability*
15 *plan or an approved annual update to a local control and*
16 *accountability plan pursuant to Article 4.5 (commencing with*
17 *Section 52060) of Chapter 6.1 of Part 28 of Division 4.*

18 (d) All audit reports for each fiscal year shall be developed and
19 reported using a format established by the Controller after
20 consultation with the Superintendent and the Director of Finance.

21 (e) (1) The cost of the audits provided for by the county
22 superintendent of schools shall be paid from the county school
23 service fund and the county superintendent of schools shall transfer
24 the pro rata share of the cost chargeable to each *school* district
25 from *school* district funds.

26 (2) The cost of the audit provided for by a governing board of
27 a *local educational agency* shall be paid from local educational
28 agency funds. The audit of the funds under the jurisdiction and
29 control of the county superintendent of schools shall be paid from
30 the county school service fund.

31 (f) (1) The audits shall be made by a certified public accountant
32 or a public accountant, licensed by the California Board of
33 Accountancy, and selected by the local educational agency, as
34 applicable, from a directory of certified public accountants and
35 public accountants deemed by the Controller as qualified to conduct
36 audits of local educational agencies, which shall be published by
37 the Controller not later than December 31 of each year.

38 (2) Commencing with the 2003–04 fiscal year and except as
39 provided in subdivision (d) of Section 41320.1, it is unlawful for
40 a public accounting firm to provide audit services to a local

1 educational agency if the lead audit partner, or coordinating audit
2 partner, having primary responsibility for the audit, or the audit
3 partner responsible for reviewing the audit, has performed audit
4 services for that local educational agency in each of the six previous
5 fiscal years. The Education Audits Appeal Panel may waive this
6 requirement if the panel finds that no otherwise eligible auditor is
7 available to perform the audit.

8 (3) It is the intent of the Legislature that, notwithstanding
9 paragraph (2), the rotation within public accounting firms conform
10 to provisions of the federal Sarbanes-Oxley Act of 2002—~~(P.L.~~
11 ~~(Public Law~~ 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon
12 release of the report required by the act of the Comptroller General
13 of the United States addressing the mandatory rotation of registered
14 public accounting firms, the Legislature intends to reconsider the
15 provisions of paragraph (2). In determining which certified public
16 accountants and public accountants shall be included in the
17 directory, the Controller shall use the following criteria:

18 (A) The certified public accountants or public accountants shall
19 be in good standing as certified by the Board of Accountancy.

20 (B) The certified public accountants or public accountants, as
21 a result of a quality control review conducted by the Controller
22 pursuant to Section 14504.2, shall not have been found to have
23 conducted an audit in a manner constituting noncompliance with
24 subdivision (a) of Section 14503.

25 (g) (1) The auditor's report shall include each of the following:

26 (A) A statement that the audit was conducted pursuant to
27 standards and procedures developed in accordance with Chapter
28 3 (commencing with Section 14500) of Part 9 of Division 1 of
29 Title 1.

30 (B) A summary of audit exceptions and management
31 improvement recommendations.

32 (C) Each audit of a local educational agency shall include an
33 evaluation by the auditor on whether there is substantial doubt
34 about the ability of the local educational agency to continue as a
35 going concern for a reasonable period of time. This evaluation
36 shall be based on the Statement ~~of~~ *on* Auditing Standards (SAS)
37 No. 59, as issued by the AICPA regarding disclosure requirements
38 relating to the ability of the entity to continue as a going concern.

39 (2) To the extent possible, a description of correction or plan
40 of correction shall be incorporated in the audit report, describing

1 the specific actions that are planned to be taken, or that have been
2 taken, to correct the problem identified by the auditor. The
3 descriptions of specific actions to be taken or that have been taken
4 shall not solely consist of general comments such as “will
5 implement,” “accepted the recommendation,” or “will discuss at
6 a later date.”

7 (h) Not later than December 15, a report of each local
8 educational agency audit for the preceding fiscal year shall be filed
9 with the county superintendent of schools of the county in which
10 the local educational agency is located, the department, and the
11 Controller. The Superintendent shall make any adjustments
12 necessary in future apportionments of all state funds, to correct
13 any audit exceptions revealed by those audit reports.

14 (i) (1) Commencing with the 2002–03 audit of local educational
15 agencies pursuant to this section and subdivision (d) of Section
16 41320.1, each county superintendent of schools shall be responsible
17 for reviewing the audit exceptions contained in an audit of a local
18 educational agency under his or her jurisdiction related to
19 attendance, inventory of equipment, internal control, and any
20 miscellaneous items, and determining whether the exceptions have
21 been either corrected or an acceptable plan of correction has been
22 developed.

23 (2) Commencing with the 2004–05 audit of local educational
24 agencies pursuant to this section and subdivision (d) of Section
25 41320.1, each county superintendent of schools shall include in
26 the review of audit exceptions performed pursuant to this
27 subdivision those audit exceptions related to use of instructional
28 materials program funds, teacher misassignments pursuant to
29 Section 44258.9, information reported on the school accountability
30 report card required pursuant to Section 33126 and shall determine
31 whether the exceptions are either corrected or an acceptable plan
32 of correction has been developed.

33 (j) Upon submission of the final audit report to the governing
34 board of each local educational agency and subsequent receipt of
35 the audit by the county superintendent of schools having
36 jurisdiction over the local educational agency, the county office
37 of education shall do all of the following:

38 (1) Review audit exceptions related to attendance, inventory of
39 equipment, internal control, and other miscellaneous exceptions.
40 Attendance exceptions or issues shall include, but not be limited

1 to, those related to ~~revenue limits, adult education,~~ *local control*
2 *funding formula allocations pursuant to Section 42238.02, as*
3 *implemented by Section 42238.03,* and independent study.

4 (2) If a description of the correction or plan of correction has
5 not been provided as ~~part~~*Part.* of the audit required by this section,
6 then the county superintendent of schools shall notify the local
7 educational agency and request the governing board of the local
8 educational agency to provide to the county superintendent of
9 schools a description of the corrections or plan of correction by
10 March 15.

11 (3) Review the description of correction or plan of correction
12 and determine its adequacy. If the description of the correction or
13 plan of correction is not adequate, the county superintendent of
14 schools shall require the local educational agency to resubmit that
15 portion of its response that is inadequate.

16 (k) Each county superintendent of schools shall certify to the
17 Superintendent and the Controller, not later than May 15, that his
18 or her staff has reviewed all audits of local educational agencies
19 under his or her jurisdiction for the prior fiscal year, that all
20 exceptions that the county superintendent was required to review
21 were reviewed, and that all of those exceptions, except as otherwise
22 noted in the certification, have been corrected by the local
23 educational agency or that an acceptable plan of correction has
24 been submitted to the county superintendent of schools. In addition,
25 the county superintendent shall identify, by local educational
26 agency, any attendance-related audit exception or exceptions
27 involving state funds, and require the local educational agency to
28 which the audit exceptions were directed to submit appropriate
29 reporting forms for processing by the Superintendent.

30 (l) In the audit of a local educational agency for a subsequent
31 year, the auditor shall review the correction or plan or plans of
32 correction submitted by the local educational agency to determine
33 if the exceptions have been resolved. If not, the auditor shall
34 immediately notify the appropriate county office of education and
35 the department and restate the exception in the audit report. After
36 receiving that notification, the department shall either consult with
37 the local educational agency to resolve the exception or require
38 the county superintendent of schools to follow up with the local
39 educational agency.

1 (m) (1) The Superintendent shall be responsible for ensuring
2 that local educational agencies have either corrected or developed
3 plans of correction for any one or more of the following:

4 (A) All federal and state compliance audit exceptions identified
5 in the audit.

6 (B) Any exceptions that the county superintendent certifies as
7 of May 15 have not been corrected.

8 (C) Any repeat audit exceptions that are not assigned to a county
9 superintendent to correct.

10 (2) In addition, the Superintendent shall be responsible for
11 ensuring that county superintendents of schools and each county
12 board of education that serves as the governing board of a local
13 educational agency either correct all audit exceptions identified in
14 the audits of county superintendents of schools and of the local
15 educational agencies for which the county boards of education
16 serve as the governing boards or develop acceptable plans of
17 correction for those exceptions.

18 (3) The Superintendent shall report annually to the Controller
19 on his or her actions to ensure that school districts, county
20 superintendents of schools, and each county board of education
21 that serves as the governing board of a school district have either
22 corrected or developed plans of correction for any of the exceptions
23 noted pursuant to paragraph (1).

24 (n) To facilitate correction of the exceptions identified by the
25 audits issued pursuant to this section, commencing with 2002–03
26 audits pursuant to this section, the Controller shall require auditors
27 to categorize audit exceptions in each audit report in a manner that
28 will make it clear to both the county superintendent of schools and
29 the Superintendent which exceptions they are responsible for
30 ensuring the correction of by a local educational agency. In
31 addition, the Controller annually shall select a sampling of county
32 superintendents of schools and perform a followup of the audit
33 resolution process of those county superintendents of schools and
34 report the results of that followup to the Superintendent and the
35 county superintendents of schools that were reviewed.

36 (o) County superintendents of schools shall adjust subsequent
37 local property tax requirements to correct audit exceptions relating
38 to local educational agency tax rates and tax revenues.

39 (p) If a governing board or county superintendent of schools
40 fails or is unable to make satisfactory arrangements for the audit

1 pursuant to this section, the Controller shall make arrangements
2 for the audit and the cost of the audit shall be paid from local
3 educational agency funds or the county school service fund, as the
4 case may be.

5 (q) Audits of regional occupational centers and programs are
6 subject to the provisions of this section.

7 (r) This section does not authorize examination of, or reports
8 on, the curriculum used or provided for in any local educational
9 agency.

10 (s) Notwithstanding any other provision of law, a nonauditing,
11 management, or other consulting service to be provided to a local
12 educational agency by a certified public accounting firm while the
13 certified public accounting firm is performing an audit of the
14 agency pursuant to this section must be in accord with Government
15 Accounting Standards, Amendment No. 3, as published by the
16 United States General Accounting Office.

17 *SEC. 23. Section 41303 of the Education Code is amended to*
18 *read:*

19 41303. The Superintendent of ~~Public Instruction~~ shall report
20 to the Controller, on or before the 20th day of October of each
21 year, the total average daily attendance during the preceding fiscal
22 year credited to all kindergarten, *including average daily*
23 *attendance for transitional kindergarten*, elementary, high school,
24 and adult schools in the state and to county school tuition funds.

25 *SEC. 24. Section 41544 of the Education Code is amended to*
26 *read:*

27 41544. (a) For a basic aid *school* district that was entitled to
28 reimbursement pursuant to Section 42247.4, as that section read
29 on January 1, 2001, and that received an apportionment pursuant
30 to subdivision (h) of Section 42247.4, as that section read on
31 January 1, 2001, because a court order directs pupils to transfer to
32 that *school* district as ~~part~~ *Part.* of the court-ordered voluntary pupil
33 transfer program, the Superintendent, ~~commencing with~~ *from the*
34 *2001–02 fiscal year to the 2012–13 fiscal year, inclusive*, shall
35 calculate an apportionment of state funds for that basic aid *school*
36 district that provides 70 percent of the school district revenue limit
37 calculated pursuant to Section 42238, *as that section read on*
38 *January 1, 2013*, that would have been apportioned to the school
39 district from which the pupils were transferred for the average
40 daily attendance of any pupils credited under that court order who

1 did not attend the basic aid school district before the 1995–96 fiscal
2 year.

3 *(b) (1) For a basic aid school district that was entitled to*
4 *reimbursement pursuant to Section 42247.4, as that section read*
5 *on January 1, 2001, and that received an apportionment pursuant*
6 *to subdivision (h) of Section 42247.4, as that section read on*
7 *January 1, 2001, because a court order directs pupils to transfer*
8 *to that school district as Part. of the court-ordered voluntary pupil*
9 *transfer program, the Superintendent, commencing with the*
10 *2013–14 fiscal year, shall calculate an apportionment of state*
11 *funds for that basic aid school district that provides 70 percent of*
12 *the school district local control funding formula base grant*
13 *calculated pursuant to subdivision (d) of Section 42238.02, as*
14 *implemented by Section 42238.03, that would have been*
15 *apportioned to the school district from which the pupils were*
16 *transferred for the average daily attendance of any pupils credited*
17 *under that court order who did not attend the basic aid school*
18 *district before the 1995–96 fiscal year.*

19 *(2) Notwithstanding paragraph (1), until the Superintendent*
20 *determines that the school district from which the pupil or pupils*
21 *were transferred is funded pursuant to Section 42238.02 in the*
22 *prior fiscal year, the Superintendent shall apportion, for average*
23 *daily attendance credited pursuant to paragraph (1), 70 percent*
24 *of the sum of the entitlements for the school district from which*
25 *the pupil or pupils were transferred for the specified fiscal year*
26 *as computed pursuant to paragraphs (1) to (4), inclusive, of*
27 *subdivision (a), and paragraph (3) of subdivision (b), of Section*
28 *42238.03, divided by the average daily attendance of that school*
29 *district for that fiscal year and then multiplied by the ratio of local*
30 *control formula base grant funding computed pursuant to*
31 *subdivision (d) of Section 42238.02 to the local control funding*
32 *formula amount for that fiscal year computed pursuant to Section*
33 *42238.02.*

34 ~~(b)~~

35 *(c) For purposes of subdivision (b) of this section, “basic aid*
36 *school district” means a school district that does not receive from*
37 *the state, for any fiscal year in which this section is applied, an*
38 *apportionment of state funds pursuant to subdivision ~~(h)~~ (o) of*
39 *Section ~~42238~~ 42238.02.*

1 SEC. 25. *Section 42127 of the Education Code is amended to*
2 *read:*

3 42127. (a) On or before July 1 of each year, the governing
4 board of each school district shall accomplish the following:

5 (1) Hold a public hearing on the budget to be adopted for the
6 subsequent fiscal year. The budget to be adopted shall be prepared
7 in accordance with Section 42126. The agenda for that hearing
8 shall be posted at least 72 hours before the public hearing and shall
9 include the location where the budget will be available for public
10 inspection.

11 (A) For the 2011–12 fiscal year, notwithstanding any of the
12 standards and criteria adopted by the state board pursuant to Section
13 33127, each school district budget shall project the same level of
14 revenue per unit of average daily attendance as it received in the
15 2010–11 fiscal year and shall maintain staffing and program levels
16 commensurate with that level.

17 (B) For the 2011–12 fiscal year, the school district shall not be
18 required to demonstrate that it is able to meet its financial
19 obligations for the two subsequent fiscal years.

20 (2) Adopt a budget. Not later than five days after that adoption
21 or by July 1, whichever occurs first, the governing board of the
22 school district shall file that budget with the county superintendent
23 of schools. ~~That~~ *The* budget and supporting data shall be
24 maintained and made available for public review. If the governing
25 board of the school district does not want all or a portion of the
26 property tax requirement levied for the purpose of making
27 payments for the interest and redemption charges on indebtedness
28 as described in paragraph (1) or (2) of subdivision (b) of Section
29 1 of Article XIII A of the California Constitution, the budget shall
30 include a statement of the amount or portion for which a levy shall
31 not be made. *For the 2014–15 fiscal year and each fiscal year*
32 *thereafter, the governing board of the school district shall not*
33 *adopt a budget before the governing board of the school district*
34 *adopts a local control and accountability plan, if an existing local*
35 *control and accountability plan or annual update to a local control*
36 *and accountability plan is not effective for the budget year. The*
37 *governing board of a school district shall not adopt a budget that*
38 *does not include the expenditures necessary to implement the local*
39 *control and accountability plan or the annual update to a local*

1 *control and accountability plan that is effective during the*
2 *subsequent fiscal year.*

3 (b) The county superintendent of schools may accept changes
4 in any statement included in the budget, pursuant to subdivision
5 (a), of the amount or portion for which a property tax levy shall
6 not be made. The county superintendent of schools or the county
7 auditor shall compute the actual amounts to be levied on the
8 property tax rolls of the school district for purposes that exceed
9 apportionments to the school district pursuant to Chapter 6
10 (commencing with Section 95) of Part 0.5 of Division 1 of the
11 Revenue and Taxation Code. Each school district shall provide all
12 data needed by the county superintendent of schools or the county
13 auditor to compute the amounts. On or before August 15, the
14 county superintendent of schools shall transmit the amounts
15 computed to the county auditor who shall compute the tax rates
16 necessary to produce the amounts. On or before September 1, the
17 county auditor shall submit the rate computed to the board of
18 supervisors for adoption.

19 (c) The county superintendent of schools shall do all of the
20 following:

21 (1) Examine the adopted budget to determine whether it
22 complies with the standards and criteria adopted by the state board
23 pursuant to Section 33127 for application to final local educational
24 agency budgets. The county superintendent of schools shall
25 identify, if necessary, technical corrections that are required to be
26 made to bring the budget into compliance with those standards
27 and criteria.

28 (2) Determine whether the adopted budget will allow the school
29 district to meet its financial obligations during the fiscal year and
30 is consistent with a financial plan that will enable the school district
31 to satisfy its multiyear financial commitments. In addition to his
32 or her own analysis of the budget of each school district, the county
33 superintendent of schools shall review and consider studies, reports,
34 evaluations, or audits of the school district that were commissioned
35 by the school district, the county superintendent of schools, the
36 Superintendent, and state control agencies and that contain
37 evidence that the school district is showing fiscal distress under
38 the standards and criteria adopted in Section 33127 or that contain
39 a finding by an external reviewer that more than three of the 15
40 most common predictors of a school district needing intervention,

1 as determined by the County Office Fiscal Crisis and Management
2 Assistance Team, are present. The county superintendent of schools
3 shall either conditionally approve or disapprove a budget that does
4 not provide adequate assurance that the school district will meet
5 its current and future obligations and resolve any problems
6 identified in studies, reports, evaluations, or audits described in
7 this paragraph.

8 *(3) Determine whether the adopted budget includes the*
9 *expenditures necessary to implement the local control and*
10 *accountability plan or annual update to the local control and*
11 *accountability plan approved by the county superintendent of*
12 *schools.*

13 (d) On or before August 15, the county superintendent of schools
14 shall approve, conditionally approve, or disapprove the adopted
15 budget for each school district. *For the 2014–15 fiscal year and*
16 *each fiscal year thereafter, the county superintendent of schools*
17 *shall disapprove a budget if the county superintendent of schools*
18 *determines that the budget does not include the expenditures*
19 *necessary to implement a local control and accountability plan or*
20 *an annual update to the local control and accountability plan*
21 *approved by the county superintendent of schools.* If a school
22 district does not submit a budget to the county superintendent of
23 schools, the county superintendent of schools shall develop, at
24 school district expense, a budget for that school district by
25 September 15 and transmit that budget to the governing board of
26 the school district. The budget prepared by the county
27 superintendent of schools shall be deemed adopted, unless the
28 county superintendent of schools approves any modifications made
29 by the governing board of the school district. The approved budget
30 shall be used as a guide for the school district's priorities. The
31 Superintendent shall review and certify the budget approved by
32 the county. If, pursuant to the review conducted pursuant to
33 subdivision (c), the county superintendent of schools determines
34 that the adopted budget for a school district does not satisfy
35 paragraph (1) or (2) of that subdivision, he or she shall
36 conditionally approve or disapprove the budget and, not later than
37 August 15, transmit to the governing board of the school district,
38 in writing, his or her recommendations regarding revision of the
39 budget and the reasons for those recommendations, including, but
40 not limited to, the amounts of any budget adjustments needed

1 before he or she can approve that budget. The county
2 superintendent of schools may assign a fiscal adviser to assist the
3 school district to develop a budget in compliance with those
4 revisions. In addition, the county superintendent of schools may
5 appoint a committee to examine and comment on the
6 superintendent's review and recommendations, subject to the
7 requirement that the committee report its findings to the county
8 superintendent of schools no later than August 20. For the 2011–12
9 fiscal year, notwithstanding any of the standards and criteria
10 adopted by the state board pursuant to Section 33127, the county
11 superintendent of schools, as a condition on approval of a school
12 district budget, shall not require a school district to project a lower
13 level of revenue per unit of average daily attendance than it
14 received in the 2010–11 fiscal year nor require the school district
15 to demonstrate that it is able to meet its financial obligations for
16 the two subsequent fiscal years.

17 (e) On or before September 8, the governing board of the school
18 district shall revise the adopted budget to reflect changes in
19 projected income or expenditures subsequent to July 1, and to
20 include any response to the recommendations of the county
21 superintendent of schools, shall adopt the revised budget, and shall
22 file the revised budget with the county superintendent of schools.
23 Before revising the budget, the governing board of the school
24 district shall hold a public hearing regarding the proposed revisions,
25 to be conducted in accordance with Section 42103. In addition, if
26 the adopted budget is disapproved pursuant to subdivision (d), the
27 governing board of the school district and the county
28 superintendent of schools shall review the disapproval and the
29 recommendations of the county superintendent of schools regarding
30 revision of the budget at the public hearing. The revised budget
31 and supporting data shall be maintained and made available for
32 public review.

33 (1) For the 2011–12 fiscal year, notwithstanding any of the
34 standards and criteria adopted by the state board pursuant to Section
35 33127, each school district budget shall project the same level of
36 revenue per unit of average daily attendance as it received in the
37 2010–11 fiscal year and shall maintain staffing and program levels
38 commensurate with that level.

(2) For the 2011–12 fiscal year, the school district shall not be required to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years.

(f) On or before September 22, the county superintendent of schools shall provide a list to the Superintendent identifying all school districts for which budgets may be disapproved.

(g) The county superintendent of schools shall examine the revised budget to determine whether it (1) complies with the standards and criteria adopted by the state board pursuant to Section 33127 for application to final local educational agency budgets, (2) allows the school district to meet its financial obligations during the fiscal year, (3) satisfies all conditions established by the county superintendent of schools in the case of a conditionally approved budget, and (4) is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments, and, not later than October 8, shall approve or disapprove the revised budget. If the county superintendent of schools disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Section 42127.1, unless the governing board of the school district and the county superintendent of schools agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary. Upon the grant of a waiver, the county superintendent of schools immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by November 30. If no budget is adopted by November 30, the Superintendent may adopt a budget for the school district. The Superintendent shall report to the Legislature and the Director of Finance by December 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by November 30. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has or will exercise his or her authority to adopt a budget for the school district. For the 2011–12 fiscal year, notwithstanding any of the standards and criteria adopted by the state board pursuant to Section 33127, the county superintendent

1 of schools, as a condition on approval of a school district budget,
2 shall not require a school district to project a lower level of revenue
3 per unit of average daily attendance than it received in the 2010–11
4 fiscal year nor require the school district to demonstrate that it is
5 able to meet its financial obligations for the two subsequent fiscal
6 years.

7 (h) Not later than October 8, the county superintendent of
8 schools shall submit a report to the Superintendent identifying all
9 school districts for which budgets have been disapproved or budget
10 review committees waived. The report shall include a copy of the
11 written response transmitted to each of those school districts
12 pursuant to subdivision (d).

13 (i) Notwithstanding any other provision of this section, the
14 budget review for a school district shall be governed by paragraphs
15 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
16 governing board of the school district so elects and notifies the
17 county superintendent of schools in writing of that decision, not
18 later than October 31 of the immediately preceding calendar year.
19 On or before July 1, the governing board of a school district for
20 which the budget review is governed by this subdivision, rather
21 than by subdivisions (e) and (g), shall conduct a public hearing
22 regarding its proposed budget in accordance with Section 42103.

23 (1) If the adopted budget of a school district is disapproved
24 pursuant to subdivision (d), on or before September 8, the
25 governing board of the school district, in conjunction with the
26 county superintendent of schools, shall review the superintendent's
27 recommendations at a regular meeting of the governing board of
28 the school district and respond to those recommendations. The
29 response shall include any revisions to the adopted budget and
30 other proposed actions to be taken, if any, as a result of those
31 recommendations.

32 (2) On or before September 22, the county superintendent of
33 schools shall provide a list to the Superintendent identifying all
34 school districts for which a budget may be tentatively disapproved.

35 (3) Not later than October 8, after receiving the response
36 required under paragraph (1), the county superintendent of schools
37 shall review that response and either approve or disapprove the
38 budget. If the county superintendent of schools disapproves the
39 budget, he or she shall call for the formation of a budget review
40 committee pursuant to Section 42127.1, unless the governing board

1 of the school district and the county superintendent of schools
2 agree to waive the requirement that a budget review committee be
3 formed and the department approves the waiver after determining
4 that a budget review committee is not necessary. Upon the grant
5 of a waiver, the county superintendent has the authority and
6 responsibility provided to a budget review committee in Section
7 42127.3. Upon approving a waiver of the budget review committee,
8 the department shall ensure that a balanced budget is adopted for
9 the school district by November 30. The Superintendent shall
10 report to the Legislature and the Director of Finance by December
11 10 if any school district, including a school district that has received
12 a waiver of the budget review committee process, does not have
13 an adopted budget by November 30. This report shall include the
14 reasons why a budget has not been adopted by the deadline, the
15 steps being taken to finalize budget adoption, and the date the
16 adopted budget is anticipated. For the 2011–12 fiscal year,
17 notwithstanding any of the standards and criteria adopted by the
18 state board pursuant to Section 33127, the county superintendent
19 of schools, as a condition on approval of a school district budget,
20 shall not require a school district to project a lower level of revenue
21 per unit of average daily attendance than it received in the 2010–11
22 fiscal year nor require the school district to demonstrate that it is
23 able to meet its financial obligations for the two subsequent fiscal
24 years.

25 (4) Not later than 45 days after the Governor signs the annual
26 Budget Act, the school district shall make available for public
27 review any revisions in revenues and expenditures that it has made
28 to its budget to reflect the funding made available by that Budget
29 Act.

30 (j) Any school district for which the county board of education
31 serves as the governing board of the school district is not subject
32 to subdivisions (c) to (h), inclusive, but is governed instead by the
33 budget procedures set forth in Section 1622.

34 *SEC. 26. Section 42238 of the Education Code is amended to*
35 *read:*

36 42238. (a) For the 1984–85 fiscal year and each fiscal year
37 thereafter, the county superintendent of schools shall determine a
38 revenue limit for each school district in the county pursuant to this
39 section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount per unit of average daily attendance received in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(8) For the 2011–12 fiscal year, the equalization adjustment specified in Section 42238.49.

(c) (1) (A) For the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the adjustment specified in Section 42238.485.

(B) For the 2011–12 fiscal year and each fiscal year thereafter, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the amount computed pursuant to this paragraph for the prior fiscal year.

(2) Commencing with the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by dividing each school district’s fiscal year average daily attendance computed pursuant to Section 42238.5 by the total adjustments in funding for each district made for the 2007–08 fiscal year pursuant to Section 42238.22 as it read on January 1, 2009.

(d) The sum of the base revenue limit computed pursuant to subdivision (b) and the add-on computed pursuant to subdivision (c) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees’ Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately before the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees’ Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees’ Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by a single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

1 (4) For accounting purposes, the reduction made by this
2 subdivision may be reflected as an expenditure from appropriate
3 sources of revenue as directed by the Superintendent.

4 (h) The Superintendent shall apportion to each school district
5 the amount determined in this section less the sum of:

6 (1) The district's property tax revenue received pursuant to
7 Chapter 3.5 (commencing with Section 75) and Chapter 6
8 (commencing with Section 95) of Part 0.5 of Division 1 of the
9 Revenue and Taxation Code.

10 (2) The amount, if any, received pursuant to Part 18.5
11 (commencing with Section 38101) of Division 2 of the Revenue
12 and Taxation Code.

13 (3) The amount, if any, received pursuant to Chapter 3
14 (commencing with Section 16140) of Part 1 of Division 4 of Title
15 2 of the Government Code.

16 (4) Prior years' taxes and taxes on the unsecured roll.

17 (5) Fifty percent of the amount received pursuant to Section
18 41603.

19 (6) (A) The amount, if any, received pursuant to the Community
20 Redevelopment Law (Part 1 (commencing with Section 33000)
21 of Division 24 of the Health and Safety Code), except for any
22 amount received pursuant to Section 33401 or 33676 of the Health
23 and Safety Code that is used for land acquisition, facility
24 construction, reconstruction, or remodeling, or deferred
25 maintenance, except for any amount received pursuant to Section
26 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5
27 of, or Section 33607.7 of, the Health and Safety Code that is
28 allocated exclusively for educational facilities.

29 (B) The amount, if any, received pursuant to Sections 34177,
30 34179.5, 34179.6, and 34188 of the Health and Safety Code.

31 (C) The amount, if any, received pursuant to subparagraph (B)
32 of paragraph (3) of subdivision (e) of Section 36 of Article XIII
33 of the California Constitution.

34 (7) For a unified school district, other than a unified school
35 district that has converted all of its schools to charter status
36 pursuant to Section 47606, the amount of statewide average
37 general-purpose funding per unit of average daily attendance
38 received by school districts for each of four grade level ranges, as
39 computed by the department pursuant to Section 47633, multiplied
40 by the average daily attendance, in corresponding grade level

1 ranges, of any pupils who attend charter schools funded pursuant
2 to Chapter 6 (commencing with Section 47630) of Part 26.8 of
3 Division 4 for which the school district is the sponsoring local
4 educational agency, as defined in Section 47632, and who reside
5 in and would otherwise have been eligible to attend a noncharter
6 school of the school district.

7 (i) A transfer of pupils of grades 7 and 8 between an elementary
8 school district and a high school district shall not result in the
9 receiving school district receiving a revenue limit apportionment
10 for those pupils that exceeds 105 percent of the statewide average
11 revenue limit for the type and size of the receiving school district.

12 (j) *Commencing with the 2013–14 fiscal year, this section shall*
13 *be used only for purposes of allocating revenues received pursuant*
14 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
15 *36 of Article XIII of the California Constitution.*

16 (k) *This section shall become inoperative on July 1, 2021, and,*
17 *as of January 1, 2022, is repealed, unless a later enacted statute,*
18 *that becomes operative on or before January 1, 2022, deletes or*
19 *extends the dates on which it becomes inoperative and is repealed.*

20 SEC. 27. Section 42238.01 is added to the Education Code, to
21 read:

22 42238.01. For purposes of Section 42238.02, the following
23 definitions shall apply:

24 (a) “Eligible for free or reduced-price meal” means determined
25 to meet federal eligibility criteria for free or reduced-price meals
26 as specified in Section 49531, as that section read on January 1,
27 2013, except in regard to meals in family day care homes.

28 (b) “Foster youth” means a foster child, as described in
29 subdivision (a) of Section 48853.5, or a nonminor under the
30 transition jurisdiction of the juvenile court, as described in Section
31 450 of the Welfare and Institutions Code, who satisfies all of the
32 following criteria:

33 (1) *He or she has attained 18 years of age while under an order*
34 *of foster care placement by the juvenile court, and is not more*
35 *than 19 years of age on or after January 1, 2012, not more than*
36 *20 years of age on or after January 1, 2013, and not more than*
37 *21 years of age, on or after January 1, 2014, and as described in*
38 *Section 10103.5 of the Welfare and Institutions Code.*

39 (2) *He or she is in foster care under the placement and care*
40 *responsibility of the county welfare department, county probation*

1 department, Indian tribe, consortium of tribes, or tribal
2 organization that entered into an agreement pursuant to Section
3 10553.1 of the Welfare and Institutions Code.

4 (3) He or she is participating in a transitional independent
5 living case plan pursuant to Section 475(8) of the federal Social
6 Security Act (42 U.S.C. Sec. 675(8)), as contained in the federal
7 Fostering Connections to Success and Increasing Adoptions Act
8 of 2008 (Public Law 110-351), as described in Section 11403 of
9 the Welfare and Institutions Code.

10 (c) “Pupils of limited English proficiency” means pupils who
11 do not have the clearly developed English language skills of
12 comprehension, speaking, reading, and writing necessary to receive
13 instruction only in English at a level substantially equivalent to
14 pupils of the same age or grade whose primary language is
15 English. “English learner” shall have the same meaning as is
16 provided for in subdivision (a) of Section 306 and as “pupils of
17 limited English proficiency.”

18 SEC. 28. Section 42238.02 is added to the Education Code, to
19 read:

20 42238.02. (a) The amount computed pursuant to this section
21 shall be known as the school district and charter school local
22 control funding formula.

23 (b) (1) For purposes of this section “unduplicated pupil” means
24 a pupil enrolled in a school district or a charter school who is
25 either classified as an English learner, eligible to receive a free
26 or reduced-price meal, or is a foster youth. A pupil shall be counted
27 only once for purposes of this section if any of the following apply:

28 (A) The pupil is classified as an English learner and is eligible
29 for a free or reduced-price meal.

30 (B) The pupil is classified as an English learner and is a foster
31 youth.

32 (C) The pupil is eligible for a free or reduced-price meal and
33 is classified as a foster youth.

34 (D) The pupil is classified as an English learner, is eligible for
35 a free or reduced-price meal, and is a foster youth.

36 (2) Commencing with the 2013–14 fiscal year, a school district
37 or charter school shall annually report its enrolled free and
38 reduced-price meal eligibility, foster youth, and English learner
39 pupil-level records to the Superintendent using the California
40 Longitudinal Pupil Achievement Data System.

1 (3) (A) Commencing with the 2013–14 fiscal year, a county
2 office of education shall review and validate reported English
3 learner, foster youth, and free or reduced-price meal eligible pupil
4 data for school districts and charter schools under its jurisdiction
5 to ensure the data is reported accurately. The Superintendent shall
6 provide each county office of education with appropriate access
7 to school district and charter school data reports in the California
8 Longitudinal Pupil Achievement Data System for purposes of
9 ensuring data reporting accuracy.

10 (B) The Controller shall include the instructions necessary to
11 enforce paragraph (2) in the audit guide required by Section
12 14502.1. The instructions shall include, but are not necessarily
13 limited to, procedures for determining if the English learner, foster
14 youth, and free or reduced-price meal eligible pupil counts are
15 consistent with the school district's or charter school's English
16 learner, foster youth, and free or reduced-price meal eligible pupil
17 records.

18 (4) The Superintendent shall make the calculations pursuant to
19 this section using the data submitted by local educational agencies,
20 including charter schools, through the California Longitudinal
21 Pupil Achievement Data System. The Superintendent shall
22 authorize school districts and charter schools to review and revise,
23 as necessary, their submitted data on English learner, foster youth,
24 and free or reduced-price meal eligible pupil counts to ensure the
25 accuracy of data reflected in the California Longitudinal Pupil
26 Achievement Data System.

27 (5) The Superintendent shall annually compute the percentage
28 of unduplicated pupils for each school district and charter school
29 by dividing the enrollment of unduplicated pupils in a school
30 district or charter school by the total enrollment in that school
31 district or charter school pursuant to all of the following:

32 (A) For the 2013–14 fiscal year, divide the sum of unduplicated
33 pupils for the 2013–14 fiscal year by the sum of the total pupil
34 enrollment for the 2013–14 fiscal year.

35 (B) For the 2014–15 fiscal year, divide the sum of unduplicated
36 pupils for the 2013–14 and 2014–15 fiscal years by the sum of the
37 total pupil enrollment for the 2013–14 and 2014–15 fiscal years.

38 (C) For the 2015–16 fiscal year and each fiscal year thereafter,
39 divide the sum of unduplicated pupils for the current fiscal year

1 *and the two prior fiscal years by the sum of the total pupil*
2 *enrollment for the current fiscal year and the two prior fiscal years.*

3 *(c) Commencing with the 2013–14 fiscal year and each fiscal*
4 *year thereafter, the Superintendent shall annually calculate a local*
5 *control funding formula grant for each school district and charter*
6 *school in the state pursuant to this section.*

7 *(d) The Superintendent shall compute a grade span adjusted*
8 *base grant equal to the total of the following amounts:*

9 *(1) For the 2013–14 fiscal year, a base grant of:*

10 *(A) Six thousand eight hundred forty-five dollars (\$6,845) for*
11 *average daily attendance in kindergarten and grades 1 to 3,*
12 *inclusive.*

13 *(B) Six thousand nine hundred forty-seven dollars (\$6,947) for*
14 *average daily attendance in grades 4 to 6, inclusive.*

15 *(C) Seven thousand one hundred fifty-four dollars (\$7,154) for*
16 *average daily attendance in grades 7 and 8.*

17 *(D) Eight thousand two hundred eighty-nine dollars (\$8,289)*
18 *for average daily attendance in grades 9 to 12, inclusive.*

19 *(2) In each year the grade span adjusted base grants in*
20 *paragraph (1) shall be adjusted by the percentage change in the*
21 *annual average value of the Implicit Price Deflator for State and*
22 *Local Government Purchases of Goods and Services for the United*
23 *States, as published by the United States Department of Commerce*
24 *for the 12-month period ending in the third quarter of the prior*
25 *fiscal year. This percentage change shall be determined using the*
26 *latest data available as of May 10 of the preceding fiscal year*
27 *compared with the annual average value of the same deflator for*
28 *the 12-month period ending in the third quarter of the second*
29 *preceding fiscal year, using the latest data available as of May 10*
30 *of the preceding fiscal year, as reported by the Department of*
31 *Finance.*

32 *(3) (A) The Superintendent shall compute an additional*
33 *adjustment to the kindergarten and grades 1 to 3, inclusive, base*
34 *grant as adjusted for inflation pursuant to paragraph (2) equal to*
35 *10.4 percent. The additional grant shall be calculated by*
36 *multiplying the kindergarten and grades 1 to 3, inclusive, base*
37 *grant as adjusted by paragraph (2) by 10.4 percent.*

38 *(B) Until paragraph (4) of subdivision (b) of Section 42238.03*
39 *is effective, as a condition of the receipt of funds in this paragraph,*
40 *a school district shall make progress toward maintaining an*

1 average class enrollment of not more than 24 pupils for each
2 schoolsite in kindergarten and grades 1 to 3, inclusive, unless a
3 collectively bargained alternative annual average class enrollment
4 for each schoolsite in those grades is agreed to by the school
5 district, pursuant to the following calculation:

6 (i) Determine a school district's average class enrollment for
7 each schoolsite for kindergarten and grades 1 to 3, inclusive, in
8 the prior year. For the 2013–14 fiscal year, this amount shall be
9 the average class enrollment for each schoolsite for kindergarten
10 and grades 1 to 3, inclusive, in the 2012–13 fiscal year.

11 (ii) Determine a school district's percentage of total need
12 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

13 (iii) Determine the percentage of the need calculated in clause
14 (ii) that is met by funding provided to the school district pursuant
15 to paragraph (3) of subdivision (b) of Section 42238.03.

16 (iv) Determine the difference between the amount computed
17 pursuant to clause (i) and an average class enrollment of not more
18 than 24 pupils.

19 (v) Calculate a current year average class enrollment adjustment
20 for each schoolsite for kindergarten and grades 1 to 3, inclusive,
21 equal to the adjustment calculated in clause (iv) multiplied by the
22 percentage determined pursuant to clause (iii).

23 (C) School districts that have an average class enrollment for
24 each schoolsite for kindergarten and grades 1 to 3, inclusive, of
25 24 pupils or less for each schoolsite in the 2012–13 fiscal year,
26 shall be exempt from the requirements of subparagraph (B) so
27 long as the school district continues to maintain an average class
28 enrollment for each schoolsite for kindergarten and grades 1 to
29 3, inclusive, of not more than 24 pupils, unless a collectively
30 bargained alternative ratio is agreed to by the school district.

31 (D) Upon full implementation of the local control funding
32 formula, as a condition of the receipt of funds in this paragraph,
33 all school districts shall maintain an average class enrollment for
34 each schoolsite for kindergarten and grades 1 to 3, inclusive, of
35 not more than 24 pupils for each schoolsite in kindergarten and
36 grades 1 to 3, inclusive, unless a collectively bargained alternative
37 ratio is agreed to by the school district.

38 (E) The average class enrollment requirement for each
39 schoolsite for kindergarten and grades 1 to 3, inclusive, established

1 *pursuant to this paragraph shall not be subject to waiver by the*
2 *state board pursuant to Section 33050 or by the Superintendent.*

3 *(F) The Controller shall include the instructions necessary to*
4 *enforce this paragraph in the audit guide required by Section*
5 *14502.1. The instructions shall include, but are not necessarily*
6 *limited to, procedures for determining if the average class*
7 *enrollment for each schoolsite for kindergarten and grades 1 to*
8 *3, inclusive, exceeds 24, or an alternative average class enrollment*
9 *for each schoolsite pursuant to a collectively bargained alternative*
10 *ratio. The procedures for determining average class enrollment*
11 *for each schoolsite shall include criteria for employing sampling.*

12 *(4) (A) The Superintendent shall compute an additional*
13 *adjustment to the base grant for grades 9 to 12, inclusive, as*
14 *adjusted for inflation pursuant to paragraph (2), equal to 2.6*
15 *percent. The additional grant shall be calculated by multiplying*
16 *the base grant for grades 9 to 12, inclusive, as adjusted by*
17 *paragraph (2), by 2.6 percent.*

18 *(B) A school district or charter school shall expend funds*
19 *appropriated pursuant to this paragraph on pupils enrolled in*
20 *grades 9 to 12, inclusive, for any purposes or programs that*
21 *support a school district or charter school in achieving its goals*
22 *for college and career readiness as described in a school district's*
23 *local control and accountability plan pursuant to subparagraph*
24 *(C) of paragraph (4) of subdivision (d) of Section 52060, or a*
25 *charter school's plan pursuant to Section 47605, 47605.6, or*
26 *47606.5, as applicable.*

27 *(C) As a condition of the receipt of funds pursuant to this*
28 *paragraph, a school district or charter school shall report such*
29 *pupil-level college and career readiness information as may be*
30 *approved by the state board to implement subparagraph (ii) of*
31 *subparagraph (F) of paragraph (4) of subdivision (a) of Section*
32 *52052.*

33 *(D) Funds apportioned pursuant to this paragraph are*
34 *specifically intended to fund, and shall be first used to offset, the*
35 *costs of any new programs or higher levels of service required by*
36 *this paragraph.*

37 *(e) The Superintendent shall compute a supplemental grant*
38 *add-on equal to 20 percent of the base grants as specified in*
39 *subparagraphs (A) to (D), inclusive, of paragraph (1) of*
40 *subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of*

1 subdivision (d), for each school district's or charter school's
2 percentage of unduplicated pupils calculated pursuant to
3 paragraph (5) of subdivision (b). The supplemental grant shall be
4 calculated by multiplying the base grants as specified in
5 subparagraphs (A) to (D), inclusive, of paragraph (1), as adjusted
6 by paragraphs (2) to (4), inclusive, of subdivision (d), by 20 percent
7 and by the percentage of unduplicated pupils calculated pursuant
8 to paragraph (5) of subdivision (b) in that school district or charter
9 school. The supplemental grant shall be expended in accordance
10 with the regulations adopted pursuant to Section 42238.07.

11 (f) The Superintendent shall compute a concentration grant
12 add-on equal to 50 percent of the base grants as specified in
13 subparagraphs (A) to (D), inclusive, of paragraph (1) of
14 subdivision (d), as adjusted by paragraphs (2) to (4), inclusive, of
15 subdivision (d), for each school district's or charter school's
16 percentage of unduplicated pupils calculated pursuant to
17 paragraph (5) of subdivision (b) in excess of 55 percent of the
18 school district's or charter school's total enrollment. The
19 concentration grant shall be calculated by multiplying the base
20 grant as specified in subparagraphs (A) to (D), inclusive, of
21 paragraph (1) of subdivision (d), as adjusted by paragraphs (2)
22 to (4), inclusive, of subdivision (d), by 50 percent and by the
23 percentage of unduplicated pupils calculated pursuant to
24 paragraph (5) of subdivision (b) in excess of 55 percent of the total
25 enrollment in that school district or charter school. For a charter
26 school physically located in only one school district, the percentage
27 of unduplicated pupils calculated pursuant to paragraph (5) of
28 subdivision (b) in excess of 55 percent used to calculate
29 concentration grants shall not exceed the percentage of
30 unduplicated pupils calculated pursuant to paragraph (5) of
31 subdivision (b) in excess of 55 percent of the school district in
32 which the charter school is physically located. For a charter school
33 physically located in more than one school district, the charter
34 school's percentage of unduplicated pupils calculated pursuant
35 to paragraph (5) of subdivision (b) in excess of 55 percent used
36 to calculate concentration grants shall not exceed that of the school
37 district with the highest percentage of unduplicated pupils
38 calculated pursuant to paragraph (5) of subdivision (b) in excess
39 of 55 percent of the school districts in which the charter school
40 has a school facility. The concentration grant shall be expended

1 *in accordance with the regulations adopted pursuant to Section*
2 *42238.07.*

3 *(g) The Superintendent shall compute an add-on to the total*
4 *sum of a school district's or charter school's base, supplemental,*
5 *and concentration grants equal to the amount of funding a school*
6 *district or charter school received from funds allocated pursuant*
7 *to the Targeted Instructional Improvement Block Grant program,*
8 *as set forth in Article 6 (commencing with Section 41540) of*
9 *Chapter 3.2, for the 2012–13 fiscal year, as that article read on*
10 *January 1, 2013. A school district or charter school shall not*
11 *receive a total funding amount from this add-on greater than the*
12 *total amount of funding received by the school district or charter*
13 *school from that program in the 2012–13 fiscal year. The amount*
14 *computed pursuant to this subdivision shall reflect the reduction*
15 *specified in paragraph (2) of subdivision (a) of Section 42238.03.*

16 *(h) The Superintendent shall compute an add-on to the total*
17 *sum of a school district's or charter school's base, supplemental,*
18 *and concentration grants equal to the amount of funding a school*
19 *district or charter school received from funds allocated pursuant*
20 *to the Home-to-School Transportation program, as set forth in*
21 *former Article 2 (commencing with Section 39820) of Chapter 1*
22 *of Part 23.5, former Article 10 (commencing with Section 41850)*
23 *of Chapter 5, and the Small School District Transportation*
24 *program, as set forth in former Article 4.5 (commencing with*
25 *Section 42290), for the 2012–13 fiscal year. A school district or*
26 *charter school shall not receive a total funding amount from this*
27 *add-on greater than the total amount received by the school district*
28 *or charter school for that program in the 2012–13 fiscal year. The*
29 *amount computed pursuant to this subdivision shall reflect the*
30 *reduction specified in paragraph (2) of subdivision (a) of Section*
31 *42238.03.*

32 *(i) (1) The sum of the local control funding formula rates*
33 *computed pursuant to subdivisions (c) to (f), inclusive, shall be*
34 *multiplied by:*

35 *(A) For school districts, the average daily attendance of the*
36 *school district in the corresponding grade level ranges computed*
37 *pursuant to Section 42238.05.*

38 *(B) For charter schools, the total current year average daily*
39 *attendance in the corresponding grade level ranges.*

1 (2) (A) *The amount computed pursuant to Article 4*
2 *(commencing with Section 42280) shall be added to the amount*
3 *computed pursuant to paragraphs (1) to (4), inclusive, of*
4 *subdivision (d), as multiplied by subparagraph (A) or (B) of*
5 *paragraph (1), as appropriate.*

6 (B) *The amount added pursuant to this paragraph shall not*
7 *change the calculation of a school district's or charter school's*
8 *supplemental grant or concentration grant.*

9 (j) *The Superintendent shall adjust the sum of each school*
10 *district's or charter school's amount determined in subdivisions*
11 *(g) to (i), inclusive, pursuant to the calculation specified in Section*
12 *42238.03, less the sum of the following:*

13 (1) (A) *For school districts, the property tax revenue received*
14 *pursuant to Chapter 3.5 (commencing with Section 75) and Chapter*
15 *6 (commencing with Section 95) of Part 0.5 of Division 1 of the*
16 *Revenue and Taxation Code.*

17 (B) *For charter schools, the in-lieu property tax amount*
18 *provided to a charter school pursuant to Section 47635.*

19 (2) *The amount, if any, received pursuant to Part 18.5*
20 *(commencing with Section 38101) of Division 2 of the Revenue*
21 *and Taxation Code.*

22 (3) *The amount, if any, received pursuant to Chapter 3*
23 *(commencing with Section 16140) of Part 1 of Division 4 of Title*
24 *2 of the Government Code.*

25 (4) *Prior years' taxes and taxes on the unsecured roll.*

26 (5) *Fifty percent of the amount received pursuant to Section*
27 *41603.*

28 (6) *The amount, if any, received pursuant to the Community*
29 *Redevelopment Law (Part 1 (commencing with Section 33000) of*
30 *Division 24 of the Health and Safety Code), less any amount*
31 *received pursuant to Section 33401 or 33676 of the Health and*
32 *Safety Code that is used for land acquisition, facility construction,*
33 *reconstruction, or remodeling, or deferred maintenance and that*
34 *is not an amount received pursuant to Section 33492.15, or*
35 *paragraph (4) of subdivision (a) of Section 33607.5, or Section*
36 *33607.7 of the Health and Safety Code that is allocated exclusively*
37 *for educational facilities.*

38 (7) *The amount, if any, received pursuant to Sections 34183*
39 *and 34188 of the Health and Safety Code.*

1 (8) Revenue received pursuant to subparagraph (B) of
2 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
3 the California Constitution.

4 (k) A school district shall annually transfer to each of its charter
5 schools funding in lieu of property taxes pursuant to Section 47635.

6 (l) (1) Nothing in this section shall be interpreted to authorize
7 a school district that receives funding on behalf of a charter school
8 pursuant to Section 47651 to redirect this funding for another
9 purpose unless otherwise authorized in law pursuant to paragraph
10 (2) or pursuant to an agreement between a charter school and its
11 chartering authority.

12 (2) A school district that receives funding on behalf of a locally
13 funded charter school pursuant to paragraph (2) of subdivision
14 (b) of Section 42605, Section 42606, and subdivision (b) of Section
15 47634 in the 2012–13 fiscal year may annually redirect for another
16 purpose a percentage of the amount of the funding received on
17 behalf of that charter school. The percentage of funding that may
18 be redirected shall be determined pursuant to the following
19 computation:

20 (A) (i) Determine the sum of the need fulfilled for that charter
21 school pursuant to paragraph (3) of subdivision (b) of Section
22 42238.03 in the then current fiscal year for the charter school.

23 (ii) Determine the sum of the need fulfilled in every fiscal year
24 before the then current fiscal year pursuant to paragraph (3) of
25 subdivision (b) of Section 42238.03 adjusted for changes in average
26 daily attendance pursuant to paragraph (3) of subdivision (a) of
27 Section 42238.03 for the charter school.

28 (iii) Subtract the amount computed pursuant to paragraphs (1)
29 to (3), inclusive, of subdivision (a) of Section 42238.03 from the
30 amount computed for that charter school under the local control
31 funding formula entitlement computed pursuant to subdivision (i)
32 of Section 42238.02.

33 (iv) Compute a percentage by dividing the sum of the amounts
34 computed to clauses (i) and (ii) by the amount computed pursuant
35 to clause (iii).

36 (B) Multiply the percentage computed pursuant to subparagraph
37 (A) by the amount of funding the school district received on behalf
38 of the charter school pursuant to paragraph (2) of subdivision (b)
39 of Section 42605, Section 42606, and subdivision (b) of Section
40 47634 for the 2012–13 fiscal year.

1 (C) *The maximum amount that may be redirected shall be the*
2 *lesser of the amount of funding the school district received on*
3 *behalf of the charter school pursuant to paragraph (2) of*
4 *subdivision (b) of Section 42605, Section 42606, and subdivision*
5 *(b) of Section 47634 for the 2012–13 fiscal year or the amount*
6 *computed pursuant to subparagraph (B).*

7 (3) *Commencing with the 2013–14 fiscal year, a school district*
8 *operating one or more affiliated charter schools shall provide*
9 *each affiliated charter school schoolsite with no less than the*
10 *amount of funding the schoolsite received pursuant to the charter*
11 *school block grant in the 2012–13 fiscal year.*

12 (n) *Any calculations in law that are used for purposes of*
13 *determining if a local educational agency is an excess tax school*
14 *entity or basic aid school district, including, but not limited to,*
15 *this section and Sections 42238.03, 41544, 47660, 47632, 47663,*
16 *48310, and 48359.5, and Section 95 of the Revenue and Taxation*
17 *Code, shall be made exclusive of the revenue received pursuant*
18 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
19 *36 of Article XIII of the California Constitution.*

20 (o) *A school district that does not receive an apportionment of*
21 *state funds pursuant to this section as implemented pursuant to*
22 *Section 42238.03, excluding funds apportioned pursuant to the*
23 *requirements of subdivision (d) of Section 42238.03 shall be*
24 *considered a “basic aid school district” or an “excess tax entity.”*

25 (p) *The funds apportioned pursuant to this section and Section*
26 *42238.03 shall be available to implement the activities required*
27 *pursuant to Article 4.5 (commencing with Section 52060) of*
28 *Chapter 6.1 of Part 28 of Division 4 of Title 2.*

29 SEC. 29. *Section 42238.025 is added to the Education Code,*
30 *to read:*

31 42238.025. (a) *In the 2013–14 fiscal year, the Superintendent*
32 *shall compute an economic recovery target rate for each school*
33 *district and charter school equal to the sum of the following:*

34 (1) (A) *For each school district, the school district’s revenue*
35 *limit in the 2012–13 fiscal year as computed pursuant to this*
36 *article, as this article read on January 1, 2013, divided by the*
37 *2012–13 fiscal year average daily attendance of the school district*
38 *computed pursuant to Section 42238.05.*

39 (B) *For each charter school, the charter school’s general*
40 *purpose funding as computed pursuant to Article 2 (commencing*

1 with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as
2 that article read on January 1, 2013, and the in-lieu property tax
3 amount provided to the charter school pursuant to Section 47635,
4 as that section read on January 1, 2013, divided by the 2012–13
5 fiscal year average daily attendance of the school district computed
6 pursuant to Section 42238.05.

7 (C) The amounts determined pursuant to subparagraphs (A)
8 and (B) of this paragraph shall not reflect the deficit factor
9 adjustments set forth in Section 42238.146 as that section read on
10 January 1, 2013.

11 (D) The amounts determined pursuant to this subdivision shall
12 be adjusted for the cost of living for the 2013–14 fiscal year
13 pursuant to paragraph (2) of subdivision (d) of Section 42238.02
14 and an annual average cost-of-living adjustment of 1.94 percent
15 for the 2014–15 fiscal year to the 2020–21 fiscal year, inclusive.

16 (2) (A) For each school district and charter school the sum of
17 the entitlements from items contained in Section 2.00 of the Budget
18 Act of 2012 for Items 6110-104-0001, 6110-105-0001,
19 6110-108-0001, 6110-111-0001, 6110-124-0001, 6110-128-0001,
20 6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-181-0001,
21 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
22 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
23 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,
24 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001,
25 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,
26 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,
27 6110-267-0001, 6110-268-0001, 6360-101-0001, 2012–13 fiscal
28 year funding for the Class Size Reduction Program pursuant to
29 Chapter 6.10 (commencing with Section 52120) of Part 28 of
30 Division 4, as it read on January 1, 2013, and 2012–13 fiscal year
31 funding for the community day school mandatorily expelled pupils
32 program pursuant to subdivision (c) of Section 48915, divided by
33 the 2012–13 fiscal year average daily attendance of the school
34 district computed pursuant to Section 42238.05.

35 (B) The amounts determined pursuant to this subdivision shall
36 not be adjusted for the reduction set forth in Section 12.42 of the
37 Budget Act of 2012.

38 (b) Of the amounts computed for school districts pursuant to
39 subdivision (a), the Superintendent shall determine the funding
40 rate per unit of average daily attendance above which fall not

1 *more than 10 percent of the total number of school districts*
2 *statewide.*

3 *(c) The Superintendent shall compute a 2020–21 fiscal year*
4 *local control funding formula rate for each school district and*
5 *charter school equal to the amount computed pursuant to section*
6 *42238.02 for the 2013–14 fiscal year, adjusted for an annual*
7 *average cost-of-living adjustment of 1.94 percent for the 2014–15*
8 *fiscal year to the 2020–21 fiscal year, inclusive, divided by the*
9 *2012–13 fiscal year average daily attendance of the school district*
10 *or charter school computed pursuant to Section 42238.05.*

11 *(d) (1) For each school district and charter school that has a*
12 *funding rate per unit of average daily attendance computed*
13 *pursuant to subdivision (a) that is equal to, or below, the funding*
14 *rate per unit of average daily attendance determined pursuant to*
15 *subdivision (b), the Superintendent shall subtract the amount*
16 *computed pursuant to subdivision (c) from the amount computed*
17 *pursuant to subdivision (a). Each school district or charter school*
18 *for which this calculation yields an amount greater than zero shall*
19 *be eligible for an economic recovery target payment equal to the*
20 *amount of the difference. A school district or charter school that*
21 *has a funding rate per unit of average daily attendance calculated*
22 *pursuant to subdivision (a) that exceeds the rate calculated*
23 *pursuant to subdivision (b) shall not be eligible for an economic*
24 *recovery target payment.*

25 *(2) Each school district or charter school eligible for an*
26 *economic recovery target payment pursuant to paragraph (1) shall*
27 *receive the following apportionments:*

28 *(A) For the 2013–14 fiscal year, one-eighth of the amount*
29 *calculated pursuant to paragraph (1) multiplied by the 2012–13*
30 *fiscal year average daily attendance computed pursuant to Section*
31 *42238.05.*

32 *(B) For the 2014–15 fiscal year, two-eighths of the amount*
33 *calculated pursuant to paragraph (1) multiplied by the 2012–13*
34 *fiscal year average daily attendance computed pursuant to Section*
35 *42238.05.*

36 *(C) For the 2015–16 fiscal year, three-eighths of the amount*
37 *calculated pursuant to paragraph (1) multiplied by the 2012–13*
38 *fiscal year average daily attendance computed pursuant to Section*
39 *42238.05.*

1 (D) For the 2016–17 fiscal year, four-eighths of the amount
2 calculated pursuant to paragraph (1) multiplied by the 2012–13
3 fiscal year average daily attendance computed pursuant to Section
4 42238.05.

5 (E) For the 2017–18 fiscal year, five-eighths of the amount
6 calculated pursuant to paragraph (1) multiplied by the 2012–13
7 fiscal year average daily attendance computed pursuant to Section
8 42238.05.

9 (F) For the 2018–19 fiscal year, six-eighths of the amount
10 calculated pursuant to paragraph (1) multiplied by the 2012–13
11 fiscal year average daily attendance computed pursuant to Section
12 42238.05.

13 (G) For the 2019–20 fiscal year, seven-eighths of the amount
14 calculated pursuant to paragraph (1) multiplied by the 2012–13
15 fiscal year average daily attendance computed pursuant to Section
16 42238.05.

17 (H) For the 2020–21 fiscal year and each fiscal year thereafter,
18 the amount calculated pursuant to paragraph (1) multiplied by
19 the 2012–13 fiscal year average daily attendance computed
20 pursuant to Section 42238.05.

21 (3) In each fiscal year until a determination has been made that
22 all school districts and charter schools equal or exceed the local
23 control funding formula target computed pursuant to Section
24 42238.02, as determined by the calculation of a zero difference
25 pursuant to paragraph (1) of subdivision (b) of Section 42238.03,
26 the economic recovery target payment apportioned to each eligible
27 school district or charter school pursuant to paragraph (2) shall
28 be added to the school district's or charter school's funding
29 amounts that are continuously appropriated pursuant to
30 subdivision (a) of Section 42238.03 and included in the amount
31 of funding that may be offset pursuant to subdivision (c) of Section
32 42238.03. The amount apportioned pursuant to paragraph (2)
33 shall not receive a cost-of-living adjustment.

34 (4) Commencing with the first fiscal year in which all school
35 districts and charter schools are apportioned funding pursuant to
36 Section 42238.02, the economic recovery target payment amount
37 calculated pursuant to paragraph (2) for the applicable fiscal year
38 shall be included as an add-on to the amounts computed pursuant
39 to subdivisions (c) to (i), inclusive, of Section 42238.02 and
40 included in the amount of funding that may be offset pursuant to

1 subdivision (j) of Section 42238.02. The amount included as an
2 add-on pursuant to this paragraph shall not receive a cost-of-living
3 adjustment.

4 SEC. 30. Section 42238.03 is added to the Education Code, to
5 read:

6 42238.03. (a) Commencing with the 2013–14 fiscal year and
7 each fiscal year thereafter, the Superintendent shall calculate a
8 base entitlement for the transition to the local control funding
9 formula for each school district and charter school equal to the
10 sum of the amounts computed pursuant to paragraphs (1) to (4),
11 inclusive. The amounts computed pursuant to paragraphs (1) to
12 (6), inclusive, shall be continuously appropriated pursuant to
13 Section 14002.

14 (1) The current fiscal year base entitlement funding level shall
15 be the sum of all of the following:

16 (A) For school districts, revenue limits in the 2012–13 fiscal
17 year as computed pursuant to Article 2 (commencing with Section
18 42238), as that article read on January 1, 2013, divided by the
19 2012–13 average daily attendance of the school district computed
20 pursuant to Section 42238.05. That quotient shall be multiplied
21 by the current fiscal year average daily attendance of the school
22 district computed pursuant Section 42238.05.

23 (B) (i) For charter schools, general purpose funding as
24 computed pursuant to Article 2 (commencing with Section 47633)
25 of Chapter 6, as that article read on January 1, 2013, and the
26 amount of in-lieu property tax provided to the charter school
27 pursuant to Section 47635, as that section read on June 30, 2013,
28 divided by the 2012–13 average daily attendance of the charter
29 school computed pursuant to Section 42238.05. That quotient shall
30 be multiplied by the current fiscal year average daily attendance
31 of the charter school computed pursuant to Section 42238.05.

32 (ii) The amount computed pursuant to clause (i) shall exclude
33 funds received by a charter school pursuant to Section 47634.1,
34 as that section read on January 1, 2013.

35 (C) The amount computed pursuant to subparagraphs (A) and
36 (B) shall exclude funds received pursuant to Section 47633, as
37 that section read on January 1, 2013.

38 (D) The amount computed pursuant to subparagraph (A) shall
39 exclude amounts computed pursuant to Article 4 (commencing
40 with Section 42280). Funding for qualifying necessary small high

1 *school and necessary small elementary schools shall be adjusted*
2 *pursuant Article 4 (commencing with Section 42280) and Section*
3 *42238.146, as those provisions read on January 1, 2013.*

4 *(2) Entitlements from items contained in Section 2.00, as*
5 *adjusted pursuant to Section 12.42, of the Budget Act of 2012 for*
6 *Items 6110-104-0001, 6110-105-0001, 6110-108-0001,*
7 *6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001,*
8 *6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001,*
9 *6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,*
10 *6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001,*
11 *6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001,*
12 *6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,*
13 *6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,*
14 *6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001,*
15 *6110-268-0001, 6360-101-0001, 2012–13 fiscal year funding for*
16 *the Class Size Reduction Program pursuant to Chapter 6.10*
17 *(commencing with Section 52120) of Part 28 of Division 4, as it*
18 *read on January 1, 2013, and 2012–13 fiscal year funding for*
19 *pupils enrolled in community day schools who are mandatorily*
20 *expelled pursuant to subdivision (c) of Section 48915. The*
21 *entitlement for basic aid school districts shall include the reduction*
22 *of 8.92 percent as applied pursuant to subparagraph (A) of*
23 *paragraph (1) of subdivision (a) of Section 3 of Chapter 2 of the*
24 *Statutes of 2012.*

25 *(3) The allocations pursuant to Sections 42606 and 47634.1,*
26 *as those sections read on January 1, 2013, divided by the 2012–13*
27 *average daily attendance of the charter school computed pursuant*
28 *to Section 42238.05. That quotient shall be multiplied by the*
29 *current fiscal year average daily attendance of the charter school*
30 *computed pursuant to Section 42238.05.*

31 *(4) The amount allocated to a school district or charter school*
32 *pursuant to paragraph (3) of subdivision (b) for the fiscal years*
33 *before the current fiscal year divided by the average daily*
34 *attendance of the school district or charter school for the fiscal*
35 *years before the current fiscal year computed pursuant to Section*
36 *42238.05. That quotient shall be multiplied by the current fiscal*
37 *year average daily attendance of the school district or charter*
38 *school computed pursuant to Section 42238.05.*

39 *(5) For the 2013–14 and 2014–15 fiscal years only, a school*
40 *district that, in the 2012–13 fiscal year, from any of the funding*

1 sources identified in paragraph (1) or (2), received funds on behalf
2 of, or provided funds to, a regional occupational center or program
3 joint powers agency established in accordance with Article 1
4 (commencing with Section 6500) of Chapter 5 of Division 7 of
5 Title 1 of the Government Code for purposes of providing
6 instruction to secondary pupils shall not redirect that funding for
7 another purpose unless otherwise authorized in law or pursuant
8 to an agreement between the regional occupational center or
9 program joint powers agency and the contracting school district.

10 (6) (A) For the 2013–14 and 2014–15 fiscal years only, a school
11 district that, in the 2012–13 fiscal year, from any of the funding
12 sources identified in paragraph (1) or (2), received funds on behalf
13 of, or provided funds to, a home-to-school transportation joint
14 powers agency established in accordance with Article 1
15 (commencing with Section 6500) of Chapter 5 of Division 7 of
16 Title 1 of the Government Code for purposes of providing pupil
17 transportation shall not redirect that funding for another purpose
18 unless otherwise authorized in law or pursuant to an agreement
19 between the home-to-school transportation joint powers agency
20 and the contracting school district.

21 (B) In addition to subparagraph (A), of the funds a school
22 district receives for home-to-school transportation programs
23 pursuant to Article 2 (commencing with Section 39820) of Chapter
24 1 of Part 23.5 and Article 10 (commencing with Section 41850)
25 of Chapter 5, the school district shall expend no less than the
26 amount of funds the school district expended for home-to-school
27 transportation in the 2012–13 fiscal year.

28 (7) For the 2013–14 and 2014–15 fiscal years only, of the funds
29 a school district receives for purposes of regional occupational
30 centers or programs, or adult education, the school district shall
31 expend no less than the amount of funds the school district
32 expended for purposes of regional occupational centers or
33 programs, or adult education, respectively, in the 2012–13 fiscal
34 year.

35 (b) Compute an annual local control funding formula transition
36 adjustment for each school district and charter school as follows:

37 (1) Subtract the amount computed pursuant to paragraphs (1)
38 to (4), inclusive, of subdivision (a) from the amount computed for
39 each school district or charter school under the local control
40 funding formula entitlements computed pursuant to subdivision

1 *(i) of Section 42238.02. School districts and charter schools with*
2 *a negative difference shall be deemed to have a zero difference.*

3 *(2) Each school district's and charter school's total need as*
4 *calculated pursuant to paragraph (1) shall be divided by the sum*
5 *of all school districts' and charter schools' total need to determine*
6 *the school district's or charter school's respective proportions of*
7 *total need.*

8 *(3) Each school district's and charter school's proportion of*
9 *total need shall be multiplied by any available appropriations*
10 *specifically made for purposes of this subdivision, and added to*
11 *the school district's or charter school's funding amounts as*
12 *calculated pursuant to subdivision (a).*

13 *(4) If the total amount of funds appropriated for purposes of*
14 *paragraph (3) pursuant to this subdivision are sufficient to fully*
15 *fund any positive amounts computed pursuant to paragraph (1),*
16 *the local control funding formula grant computed pursuant to*
17 *subdivision (c) of Section 42238.02 shall be adjusted to ensure*
18 *that any available appropriation authority is expended for purposes*
19 *of the local control funding formula.*

20 *(5) Commencing with the first fiscal year after either paragraph*
21 *(4) or paragraph (2) of subdivision (h) applies, the adjustments*
22 *in paragraph (2) of subdivision (d) of Section 42238.02 shall be*
23 *made only if an appropriation for those adjustments is included*
24 *in the annual Budget Act.*

25 *(c) The Superintendent shall subtract from the amounts*
26 *computed pursuant to subdivisions (a) and (b) the sum of the*
27 *following:*

28 *(1) (A) For school districts, the property tax revenue received*
29 *pursuant to Chapter 3.5 (commencing with Section 75) and Chapter*
30 *6 (commencing with Section 95) of Part 0.5 of Division 1 of the*
31 *Revenue and Taxation Code.*

32 *(B) For charter schools, the in-lieu property tax amount*
33 *provided to a charter school pursuant to Section 47635.*

34 *(2) The amount, if any, received pursuant to Part 18.5*
35 *(commencing with Section 38101) of Division 2 of the Revenue*
36 *and Taxation Code.*

37 *(3) The amount, if any, received pursuant to Chapter 3*
38 *(commencing with Section 16140) of Part 1 of Division 4 of Title*
39 *2 of the Government Code.*

40 *(4) Prior years' taxes and taxes on the unsecured roll.*

1 (5) Fifty percent of the amount received pursuant to Section
2 41603.

3 (6) The amount, if any, received pursuant to the Community
4 Redevelopment Law (Part 1 (commencing with Section 33000) of
5 Division 24 of the Health and Safety Code), less any amount
6 received pursuant to Section 33401 or 33676 of the Health and
7 Safety Code that is used for land acquisition, facility construction,
8 reconstruction, or remodeling, or deferred maintenance and that
9 is not an amount received pursuant to Section 33492.15, or
10 paragraph (4) of subdivision (a) of Section 33607.5, or Section
11 33607.7 of the Health and Safety Code that is allocated exclusively
12 for educational facilities.

13 (7) The amount, if any, received pursuant to Sections 34183
14 and 34188 of the Health and Safety Code.

15 (8) Revenue received pursuant to subparagraph (B) of
16 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
17 the California Constitution.

18 (d) A school district or charter school that has a zero difference
19 pursuant to paragraph (1) of subdivision (b) in the prior fiscal
20 year shall receive an entitlement equal to the amount calculated
21 pursuant to Section 42238.02 in the current fiscal year and future
22 fiscal years.

23 (e) Notwithstanding the computations pursuant to subdivisions
24 (b) to (d), inclusive, and Section 42238.02, commencing with the
25 2013–14 fiscal year, a school district or charter school shall
26 receive state-aid funding of no less than the sum of the amounts
27 computed pursuant to paragraphs (1) to (3), inclusive.

28 (1) (A) For school districts, revenue limits in the 2012–13 fiscal
29 year as computed pursuant to Article 2 (commencing with Section
30 42238), as that article read on January 1, 2013, divided by the
31 2012–13 average daily attendance of the school district computed
32 pursuant to Section 42238.05. That quotient shall be multiplied
33 by the current fiscal year average daily attendance of the school
34 district computed pursuant Section 42238.05 and then offset for
35 local revenues pursuant to subdivision (c) for the current fiscal
36 year.

37 (B) (i) For charter schools, general purpose funding in the
38 2012–13 fiscal year as computed pursuant to Article 2
39 (commencing with Section 47633) of Chapter 6, as that article
40 read on January 1, 2013, and the amount of in-lieu property tax

1 *provided to the charter school in the 2012–13 fiscal year pursuant*
2 *to Section 47635, as that section read on January 1, 2013, divided*
3 *by the 2012–13 average daily attendance of the charter school*
4 *computed pursuant to Section 42238.05. That quotient shall be*
5 *multiplied by the current fiscal year average daily attendance of*
6 *the charter school computed pursuant to Section 42238.05 and*
7 *then offset for local revenues pursuant to subdivision (c) for the*
8 *current fiscal year.*

9 *(ii) The amount computed pursuant to clause (i) shall exclude*
10 *funds received by a charter school pursuant to Section 47634.1,*
11 *as that section read on January 1, 2013.*

12 *(C) The amount computed pursuant to subparagraphs (A) and*
13 *(B) shall exclude funds received pursuant to Section 47633, as*
14 *that section read on January 1, 2013.*

15 *(D) The amount computed pursuant to subparagraph (A) shall*
16 *exclude amounts computed pursuant to Article 4 (commencing*
17 *with Section 42280). Funding for qualifying necessary small high*
18 *school and necessary small elementary schools shall be adjusted*
19 *pursuant Article 4 (commencing with Section 42280) and Section*
20 *42238.146, as those provisions read on January 1, 2013.*

21 *(E) The amount computed pursuant to subparagraphs (A) to*
22 *(C), inclusive, shall be reduced by the sum of the amount computed*
23 *pursuant to paragraphs (1) to (8), inclusive, of subdivision (c).*

24 *(2) (A) Entitlements from items contained in Section 2.00, as*
25 *adjusted pursuant to Section 12.42, of the Budget Act of 2012 for*
26 *Items 6110-104-0001, 6110-105-0001, 6110-108-0001,*
27 *6110-111-0001, 6110-124-0001, 6110-128-0001, 6110-137-0001,*
28 *6110-144-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001,*
29 *6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,*
30 *6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001,*
31 *6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001,*
32 *6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,*
33 *6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,*
34 *6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-267-0001,*
35 *6110-268-0001, 6360-101-0001, 2012–13 fiscal year funding for*
36 *the Class Size Reduction Program pursuant to Chapter 6.10*
37 *(commencing with Section 52120) of Part 28 of Division 4, as it*
38 *read on January 1, 2013, and 2012–13 fiscal year funding for*
39 *pupils enrolled in community day schools who are mandatorily*
40 *expelled pursuant to subdivision (c) of Section 48915.*

1 *Notwithstanding Section 39 of Chapter 38 of the Statutes of 2012,*
2 *the entitlement for basic aid school districts shall include the*
3 *reduction of 8.92 percent as applied pursuant to subparagraph*
4 *(A) of paragraph (1) of subdivision (a) of Section 3 of Chapter 2*
5 *of the Statutes of 2012.*

6 *(3) The allocations pursuant to Sections 42606 and 47634.1,*
7 *as those sections read on January 1, 2013, divided by the 2012–13*
8 *average daily attendance of the charter school. That quotient shall*
9 *be multiplied by the current fiscal year average daily attendance*
10 *of the charter school.*

11 *(f) (1) For purposes of this section, commencing with the*
12 *2013–14 fiscal year and until all school districts and charter*
13 *schools equal or exceed their local control funding formula target*
14 *computed pursuant to Section 42238.02 as determined by the*
15 *calculation of a zero difference pursuant to paragraph (1) of*
16 *subdivision (b), a newly operational charter school shall be*
17 *determined to have a prior year per average daily attendance*
18 *funding amount equal to the lesser of:*

19 *(A) The prior year funding amount per unit of average daily*
20 *attendance for the school district in which the charter school is*
21 *physically located. The Superintendent shall calculate the funding*
22 *amount per unit of average daily attendance for this purpose by*
23 *dividing the total local control funding formula entitlement received*
24 *by that school district in the prior year by prior year average daily*
25 *attendance of that school district. For purposes of this paragraph,*
26 *a charter school that is physically located in more than one school*
27 *district shall use the calculated local control funding entitlement*
28 *per unit of average daily attendance of the school district with the*
29 *highest prior year funding amount per unit of average daily*
30 *attendance.*

31 *(B) The charter school's local control funding formula rate*
32 *computed pursuant to subdivisions (c) to (i), inclusive, of Section*
33 *42238.02.*

34 *(2) For charter schools funded pursuant to paragraph (1), the*
35 *charter school shall be eligible to receive growth funding pursuant*
36 *to subdivision (b) toward meeting the newly operational charter*
37 *school's local control funding formula target.*

38 *(3) Upon a determination that all school districts and charter*
39 *schools equal or exceed the local control funding formula target*
40 *computed pursuant to Section 42238.02 as determined by the*

1 calculation of a zero difference pursuant to paragraph (1) of
2 subdivision (b) for all school districts and charter schools, this
3 subdivision shall not apply and the charter school shall receive
4 an allocation equal to the amount calculated under Section
5 42238.02 in that fiscal year and future fiscal years.

6 (g) (1) In each fiscal year the Superintendent shall determine
7 the percentage of school districts that are apportioned funding
8 pursuant to this section that is less than the amount computed
9 pursuant to Section 42238.02 as of the second principal
10 apportionments of the fiscal year. If the percentage is less than 10
11 percent, the Superintendent shall apportion funding to the school
12 districts and charter schools equal to the amount computed
13 pursuant to Section 42238.02 in that fiscal year.

14 (2) For each fiscal year thereafter, the Superintendent shall
15 apportion funding to a school district and charter school equal to
16 the amount computed pursuant to Section 42238.02.

17 SEC. 31. Section 42238.04 is added to the Education Code, to
18 read:

19 42238.04. Notwithstanding any other law, revenue limit funding
20 for school districts and charter school block grant funding for
21 charter schools for the 2012–13 fiscal year and prior fiscal years
22 shall continue to be adjusted pursuant to Article 2 (commencing
23 with Section 42238), and Article 2 (commencing with Section
24 47633) of Chapter 6 of Part 26.8 of Division 4, as those articles
25 read on January 1, 2013.

26 SEC. 32. Section 42238.05 is added to the Education Code, to
27 read:

28 42238.05. (a) For purposes of Sections 42238.02 and
29 42238.03, the fiscal year average daily attendance shall be
30 computed pursuant to paragraph (1) or (2).

31 (1) The second principal apportionment regular average daily
32 attendance for either the current or prior fiscal year, whichever
33 is greater. However, prior fiscal year average daily attendance
34 shall be adjusted for any loss or gain of average daily attendance
35 due to a reorganization or transfer of territory.

36 (2) A school district that elects to receive funding pursuant to
37 Article 4 (commencing with Section 42280) shall compute its units
38 of average daily attendance for purposes of paragraphs (1), (3),
39 and (4), of subdivision (d) of Section 42238.02 by subtracting the

1 amount determined in subparagraph (B) from the amount
2 determined in subparagraph (A).

3 (A) The units of average daily attendance computed pursuant
4 to paragraph (1).

5 (B) The units of average daily attendance resulting from pupils
6 attending schools funded pursuant to Article 4 (commencing with
7 Section 42280).

8 (b) For purposes of this article, regular average daily
9 attendance shall be the base grant average daily attendance.

10 (c) For purposes of this section, the Superintendent shall
11 distribute total ungraded enrollment and average daily attendance
12 among kindergarten and each of grades 1 to 12, inclusive, in
13 proportion to the amounts of graded enrollment and average daily
14 attendance, respectively, in each of these grades.

15 (d) For purposes of this section, the Superintendent shall
16 distribute average daily attendance generated by the difference
17 between prior year average daily attendance and current year
18 average daily attendance, if positive, among kindergarten and
19 each of grades 1 to 12, inclusive, in proportion to the amounts of
20 graded average daily attendance, respectively, in each of these
21 grades.

22 (e) This section shall only apply to average daily attendance
23 generated by school districts and shall not apply to average daily
24 attendance generated by charter schools.

25 (f) A pupil shall not be counted more than once for purposes of
26 calculating average daily attendance pursuant to this section.

27 SEC. 33. Section 42238.051 is added to the Education Code,
28 to read:

29 42238.051. (a) For purposes of paragraph (1) of subdivision
30 (a) of Section 42238.05, a sponsoring school district's average
31 daily attendance shall be computed as follows:

32 (1) Compute the sponsoring school district's regular average
33 daily attendance in the current year, excluding the attendance of
34 pupils in charter schools.

35 (2) (A) Compute the regular average daily attendance used to
36 calculate the second principal apportionment of the school district
37 for the prior year, excluding the attendance of pupils in charter
38 schools.

39 (B) Compute the attendance of pupils who attended one or more
40 noncharter schools of the school district between July 1, and the

1 last day of the second period, inclusive, in the prior year, and who
2 attended a charter school sponsored by the school district between
3 July 1, and the last day of the second period, inclusive, in the
4 current year. For purposes of this subparagraph, a pupil enrolled
5 in a grade at a charter school sponsored by the school district
6 shall not be counted if the school district does not offer classes for
7 pupils enrolled in that grade. The amount of the attendance counted
8 for any pupil for the purpose of this subparagraph may not be
9 greater than the attendance claimed for that pupil by the charter
10 school in the current year.

11 (C) Compute the attendance of pupils who attended a charter
12 school sponsored by the school district in the prior year and who
13 attended one or more noncharter schools of the school district in
14 the current year. The amount of the attendance counted for any
15 pupil for the purpose of this subparagraph may not be greater
16 than the attendance claimed for that pupil by the school district
17 in the current year.

18 (D) From the amount determined pursuant to subparagraph
19 (B), subtract the amount determined pursuant to subparagraph
20 (C). If the result is less than zero, the amount shall be deemed to
21 be zero.

22 (E) The prior year average daily attendance determined
23 pursuant to subparagraph (A) shall be reduced by the amount
24 determined pursuant to subparagraph (D).

25 (3) To the greater of the amounts computed pursuant to
26 paragraphs (1) and (2), add the regular average daily attendance
27 in the current year of all pupils attending charter schools
28 sponsored by the school district that are not funded through the
29 charter schools local control funding formula allocation pursuant
30 to Section 42238.02, as implemented by Section 42238.03.

31 (b) For purposes of this section, a “sponsoring school district”
32 shall mean a “sponsoring local educational agency,” as defined
33 in Section 47632, as that section read on January 1, 2013.

34 SEC. 34. Section 42238.052 is added to the Education Code,
35 to read:

36 42238.052. (a) Notwithstanding any other law, the prior year
37 average daily attendance for a school district determined pursuant
38 to subdivision (a) of Section 42238.051 shall be increased by the
39 prior year second principal apportionment average daily

1 attendance of a school district only for a school that meets the
2 following description:

3 (1) The school was a district noncharter school in any year
4 before the prior year.

5 (2) The school was operated as a district-approved charter
6 school in the prior year.

7 (3) The school is again operated as a district noncharter school
8 in the current year.

9 (b) An adjustment to prior year average daily attendance
10 pursuant to this section may not be made for the attendance of
11 pupils who were not residents of the school district in the prior
12 year.

13 SEC. 35. Section 42238.053 is added to the Education Code,
14 to read:

15 42238.053. (a) The fiscal year average daily attendance
16 computed under Section 42238.05 shall be increased, for each
17 school district that operates a school that meets the eligibility
18 requirements set forth in subdivision (b), by the number of days
19 of attendance of pupils enrolled in eligible schools in the school
20 district who are currently migratory children, as defined by Section
21 54441, and who are residing in state-operated migrant housing
22 projects between the second principal apportionment and the end
23 of the regular school year, divided by the number of days school
24 was actually taught in the regular day schools of the district,
25 excluding Saturdays and Sundays.

26 (b) For a school district to be eligible for purposes of this
27 section, the following conditions shall apply:

28 (1) One or more state-operated migrant housing projects are
29 located within the attendance area of the school.

30 (2) The maximum number of pupils enrolled in the school in the
31 relevant fiscal year who are currently migratory children, as
32 calculated under subdivision (a), constitutes not less than one-third
33 of the total pupil enrollment of the school.

34 (c) The Superintendent shall establish rules and regulations for
35 the implementation of this section.

36 SEC. 36. Section 42238.06 is added to the Education Code, to
37 read:

38 42238.06. Commencing on July 1, 2013, except for Sections
39 42238, 42238.1, 42238.2, and 42238.5, or where the context
40 requires otherwise, all of the following shall apply:

1 (a) References to “revenue limit” shall instead refer to the
2 “local control funding formula.”

3 (b) References to “the revenue limit calculated pursuant to
4 Section 42238” shall instead refer to “the local control funding
5 formula calculated pursuant to Section 42238.02, as implemented
6 by Section 42238.03.”

7 (c) References to “Section 42238” shall instead refer to “Section
8 42238.02, as implemented pursuant to Section 42238.03.”

9 (d) References to “Section 42238.1” shall instead refer to
10 “Section 42238.02.”

11 (e) References to “Section 42238.5” shall instead refer to
12 “Section 42238.05.”

13 (f) References to “general-purpose entitlement” shall instead
14 refer to “local control funding formula grant funding pursuant to
15 Section 42238.02, as implemented by Section 42238.03.”

16 SEC. 37. Section 42238.07 is added to the Education Code, to
17 read:

18 42238.07. (a) On or before January 31, 2014, the state board
19 shall adopt regulations that govern the expenditure of funds
20 apportioned on the basis of the number and concentration of
21 unduplicated pupils pursuant to Sections 2574, 2575, 42238.02,
22 and 42238.03. The regulations shall include, but are not limited
23 to, provisions that do all of the following:

24 (1) Require a school district, county office of education, or
25 charter school to increase or improve services for unduplicated
26 pupils in proportion to the increase in funds apportioned on the
27 basis of the number and concentration of unduplicated pupils in
28 the school district, county office of education, or charter school.

29 (2) Authorize a school district, county office of education, or
30 charter school to use funds apportioned on the basis of the number
31 of unduplicated pupils for schoolwide purposes, or, for school
32 districts, districtwide purposes, for county offices of education,
33 countywide purposes, or for charter schools, charterwide purposes,
34 in a manner that is no more restrictive than the restrictions
35 provided for in Title I of the federal No Child Left Behind Act of
36 2001 (20 U.S.C. Sec. 6301, et seq.).

37 (b) The state board may adopt emergency regulations for
38 purposes of this section.

39 SEC. 38. Section 42238.1 of the Education Code is amended
40 to read:

1 42238.1. (a) For the 1986–87 fiscal year and each fiscal year
2 up to and including the 1998–99 fiscal year, the Superintendent
3 of Public Instruction shall compute an inflation adjustment equal
4 to the product of paragraphs (1) and (2):

5 (1) Compute the sum of the following:

6 (A) The statewide average base revenue limit per unit of average
7 daily attendance for the prior fiscal year for districts of similar
8 type.

9 (B) The amount, if any, per unit of average daily attendance
10 received by the district pursuant to Article 8 (commencing with
11 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

12 (2) The percentage change in the annual average value of the
13 Implicit Price Deflator for State and Local Government Purchases
14 of Goods and Services for the United States, as published by the
15 United States Department of Commerce for the 12-month period
16 ending in the third quarter of the prior fiscal year. This percentage
17 change shall be determined using the latest data available as of
18 May 1 of the preceding fiscal year compared with the annual
19 average value of the same deflator for the 12-month period ending
20 in the third quarter of the second preceding fiscal year, using the
21 latest data available as of May 1 of the second preceding fiscal
22 year, as reported by the Department of Finance.

23 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,
24 the Superintendent of Public Instruction shall compute an inflation
25 adjustment equal to the product of paragraphs (1) and (2):

26 (1) Compute the sum of the following:

27 (A) The statewide average base revenue limit per unit of average
28 daily attendance for the prior fiscal year for districts of similar
29 type.

30 (B) The amount, if any, per unit of average daily attendance
31 received by the district pursuant to Article 8 (commencing with
32 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

33 (2) The percentage change in the annual average value of the
34 Implicit Price Deflator for State and Local Government Purchases
35 of Goods and Services for the United States, as published by the
36 United States Department of Commerce for the 12-month period
37 ending in the third quarter of the prior fiscal year. This percentage
38 change shall be determined using the latest data available as of
39 May 10 of the preceding fiscal year compared with the annual
40 average value of the same deflator for the 12-month period ending

1 in the third quarter of the second preceding fiscal year, using the
2 latest data available as of May 10 of the preceding fiscal year, as
3 report by the Department of Finance.

4 (c) This section shall become operative July 1, 1986.

5 (d) *Commencing with the 2013–14 fiscal year, this section shall*
6 *be used only for purposes of allocating revenues received pursuant*
7 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
8 *36 of Article XIII of the California Constitution.*

9 (e) *This section shall become inoperative on July 1, 2021, and,*
10 *as of January 1, 2022, is repealed, unless a later enacted statute,*
11 *that becomes operative on or before January 1, 2022, deletes or*
12 *extends the dates on which it becomes inoperative and is repealed.*

13 SEC. 39. Section 42238.2 of the Education Code is amended
14 to read:

15 42238.2. (a) (1) Notwithstanding Section 42238.5 or any other
16 provision of law, a school district that meets any of the following
17 conditions shall be entitled to an adjustment to its units of average
18 daily attendance pursuant to this section:

19 (A) The school district experiences a decline in the number of
20 units of average daily attendance in excess of 8 percent of its total
21 average daily attendance as a result of the closure of a facility
22 operated by a branch of the United States Armed Forces in the
23 school district's boundaries.

24 (B) The school district experiences a decline in the number of
25 units of average daily attendance that is less than 8 percent but at
26 least 5 percent of its total average daily attendance as a result of
27 the closure of a facility operated by a branch of the United States
28 Armed Forces in that school district's boundaries, upon a finding
29 by both the Superintendent of Public Instruction and the Director
30 of Finance that both of the following conditions exist:

31 (i) The school district demonstrates that at the end of a three-year
32 period the school district will experience a 10-percent reduction
33 in the amount of funding that the school district would otherwise
34 have received from state apportionments, funding received pursuant
35 to the California State Lottery Act of 1984 (Chapter 12.5
36 (commencing with Section 8880) of Division 1 of Title 2 of the
37 Government Code), and funding received pursuant to Title VIII
38 of Public Law 103-382, as a result of the loss of pupils related to
39 the closure of a facility operated by a branch of the United States
40 Armed Forces.

1 (ii) The fiscal crisis and management assistance team established
2 pursuant to Section 42127.8 has reviewed the school district's
3 finances and has found that the school district has taken significant
4 steps to reduce expenditure.

5 (C) The school district experiences a decline in the number of
6 units of average daily attendance in excess of 5 percent of its total
7 average daily attendance and the Director of Finance determines
8 that the school district is likely, within eight years of that decline,
9 to maintain a number of units of average daily attendance that is
10 equivalent to the number of units of average daily attendance
11 maintained by the school district prior to the decline.
12 Notwithstanding subdivision (b), loan repayments shall commence
13 no later than the fourth year after the base year or at a later time,
14 as determined by the Director of Finance.

15 (2) For purposes of this section, the year preceding a decline
16 shall be the base year.

17 (b) In the second year after the base year, the district average
18 daily attendance pursuant to Section 42238.5 may, if the district
19 chooses, be increased by 75 percent of the difference between the
20 base year units of average daily attendance and the units of average
21 daily attendance in the first year of decline. In the third year after
22 the base year, the district average daily attendance pursuant to
23 Section 42238.5 may, if the district chooses, be increased by 50
24 percent of the difference between the base year units of average
25 daily attendance and the units of average daily attendance in the
26 first year of decline. The amount of money represented by these
27 increases shall be considered a loan to the school district. Loan
28 repayments shall commence no later than the fourth year after the
29 base year.

30 (c) (1) The Superintendent of Public Instruction, in consultation
31 with a school district subject to this section, shall determine a
32 schedule for repayment of the total amount loaned pursuant to this
33 section which may not exceed 10 years. Payments shall include
34 interest charged at a rate based on the most current investment rate
35 of the Pooled Money Investment Account in the General Fund as
36 of the date of the disbursement of funds to the school district.

37 (2) Upon written notification by the Superintendent of Public
38 Instruction that the school district has not made one or more of the
39 payments required by the schedule established pursuant to
40 paragraph (1), the Controller shall withhold from Section A of the

1 State School Fund the defaulted payment which shall not exceed
2 the amount of any apportionment entitlement of the district to
3 moneys in Section A of the State School Fund. In that regard, the
4 Controller shall withhold the amount of any payment made under
5 this subdivision, including reimbursement of the Controller's
6 administrative costs as determined under a schedule approved by
7 the California Debt Advisory Commission, from subsequent
8 apportionments to the school district from Section A of the State
9 School Fund.

10 (3) Any apportionments made by the Controller pursuant to
11 paragraph (2) shall be deemed to be an allocation to the school
12 district for purposes of subdivision (b) of Section 8 of Article XVI
13 of the California Constitution, and for purposes of Chapter 2
14 (commencing with Section 41200) of Part 24.

15 (d) In no event shall the adjustment provided by this section
16 cause the apportionment to a school district to exceed the amount
17 that would otherwise be calculated for apportionment to the district
18 pursuant to Sections 42238 and 42238.1.

19 (e) This section does not apply to a school district that
20 experiences a decline in enrollment as a result of a school district
21 reorganization pursuant to Chapter 3 (commencing with Section
22 35500) of Part 21 or any other law.

23 (f) *Commencing with the 2013–14 fiscal year, this section shall*
24 *be used only for purposes of allocating revenues received pursuant*
25 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
26 *36 of Article XIII of the California Constitution.*

27 (g) *This section shall become inoperative on July 1, 2021, and,*
28 *as of January 1, 2022, is repealed, unless a later enacted statute,*
29 *that becomes operative on or before January 1, 2022, deletes or*
30 *extends the dates on which it becomes inoperative and is repealed.*

31 SEC. 40. Section 42238.5 of the Education Code is amended
32 to read:

33 42238.5. (a) For purposes of Section 42238, the fiscal year
34 average daily attendance shall be computed pursuant to paragraph
35 (1) or (2).

36 (1) The second principal apportionment regular average daily
37 attendance for either the current or prior fiscal year, whichever is
38 greater. However, prior fiscal year average daily attendance shall
39 be adjusted for any loss or gain of average daily attendance due
40 to a reorganization or transfer of territory, or, commencing in the

1 1993–94 fiscal year, and each fiscal year thereafter, for any change
2 in average daily attendance for pupils who are concurrently enrolled
3 in adult programs and classes pursuant to Section 52616.17.

4 (2) Any school district that elects to receive funding pursuant
5 to Article 4 (commencing with Section 42280) shall compute its
6 units of average daily attendance for purposes of Section 42238
7 by subtracting the amount determined in subparagraph (B) from
8 the amount determined in subparagraph (A).

9 (A) The units of average daily attendance computed pursuant
10 to paragraph (1).

11 (B) The units of average daily attendance resulting from pupils
12 attending schools funded pursuant to Article 4 (commencing with
13 Section 42280).

14 (b) For purposes of this article, regular average daily attendance
15 shall be the base revenue limit average daily attendance, excluding
16 summer school average daily attendance.

17 (c) For purposes of this section, for the 1998–99 fiscal year
18 only, the prior year average daily attendance shall be the 1997–98
19 regular average daily attendance, excluding absences excused
20 pursuant to subdivision (b) of Section 46010, as that subdivision
21 read on July 1, 1996.

22 *(d) Commencing with the 2013–14 fiscal year, this section shall*
23 *be used only for purposes of allocating revenues received pursuant*
24 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
25 *36 of Article XIII of the California Constitution.*

26 *(e) This section shall become inoperative on July 1, 2021, and,*
27 *as of January 1, 2022, is repealed, unless a later enacted statute,*
28 *that becomes operative on or before January 1, 2022, deletes or*
29 *extends the dates on which it becomes inoperative and is repealed.*

30 *SEC. 41. Section 42238.15 of the Education Code is amended*
31 *to read:*

32 42238.15. (a) Notwithstanding any other law, and in lieu of
33 any inflation or cost-of-living adjustment otherwise authorized for
34 any of the programs enumerated in subdivision (b), state funding
35 for the programs enumerated in subdivision (b) shall be increased
36 annually by the product of the following:

37 (1) The sum of 1.0 plus the percentage change determined under
38 *paragraph (2) of subdivision (b) (d) of Section 42238.1 42238.02.*

1 (2) The sum of 1.0 plus the percentage of increase, from the
2 prior fiscal year to the current fiscal year, in each of the workload
3 factors described in subdivision (b).

4 (b) The programs for which annual state funding increases are
5 determined under this section, and the factors used to measure
6 workload for each of those programs, are as follows:

7 (1) Special education programs and services, as measured by
8 the regular second principal apportionment average daily
9 attendance for kindergarten and grades 1 to 12, inclusive.

10 (2) Child care and development programs, and preschool
11 programs, as measured by the state population of children up to
12 and including four years of age.

13 ~~(3) Instructional materials for kindergarten and grades 1 to 8,~~
14 ~~inclusive, as measured by enrollment in kindergarten and grades~~
15 ~~1 to 8, inclusive.~~

16 ~~(4) Instructional materials for grades 9 to 12, inclusive, as~~
17 ~~measured by enrollment in those grades.~~

18 ~~(5) Regional occupational programs and centers, as measured~~
19 ~~by enrollment in grades 11 and 12.~~

20 ~~(6) School improvement programs in kindergarten and grades~~
21 ~~1 to 6, inclusive, as measured by enrollment in kindergarten and~~
22 ~~grades 1 to 6, inclusive.~~

23 ~~(7) School improvement programs in grades 7 to 12, inclusive,~~
24 ~~as measured by enrollment in those grades.~~

25 ~~(8) Economic impact aid, as measured by the number of children~~
26 ~~of ages 5 to 17 years, inclusive, from families that receive Aid to~~
27 ~~Families with Dependent Children and the number of pupils of~~
28 ~~limited English proficiency, as identified pursuant to Section~~
29 ~~52163.~~

30 ~~(9) Staff development programs, as measured by enrollment in~~
31 ~~kindergarten and grades 1 to 12, inclusive.~~

32 ~~(10) Gifted and talented education programs, as measured by~~
33 ~~enrollment in kindergarten and grades 1 to 12, inclusive.~~

34 (c) Notwithstanding any other law, child care and development
35 programs shall not receive a cost-of-living adjustment in the
36 2012–13, 2013–14, and 2014–15 fiscal years.

37 *SEC. 42. Section 42280 of the Education Code is amended to*
38 *read:*

39 42280. (a) For each school district that meets, in the current
40 or prior fiscal year, the conditions specified in Section 42281,

1 42282, or 42284 the ~~county superintendent of schools~~
2 *Superintendent* shall compute, for each qualifying school in the
3 *school* district, an amount pursuant to this article.

4 (b) For each school district that is a countywide unified school
5 district that had fewer than 2,501 units of average daily attendance
6 in the 1990–91 fiscal year, the ~~county superintendent of schools~~
7 *Superintendent* shall compute an amount pursuant to this article
8 for those schools that meet the conditions specified in Sections
9 42283 and 42285 in the current or prior fiscal year. This
10 subdivision is only applicable to those schools funded pursuant to
11 this article in the 1990–91 fiscal year and, in subsequent years, if
12 the school district has no more than 3,000 units of average daily
13 attendance.

14 ~~(c) For the 1998–99 fiscal year, average daily attendance~~
15 ~~reported pursuant to Section 41601 for the 1997–98 fiscal year,~~
16 ~~exclusive of average daily attendance for absences excused~~
17 ~~pursuant to subdivision (b) of Section 46010 as that subdivision~~
18 ~~read on July 1, 1996, shall be used for the purpose of determining~~
19 ~~whether school districts meet the conditions in Sections 42281,~~
20 ~~42282, and 42284 for the prior fiscal year.~~

21 *SEC. 43. Section 42281 of the Education Code is amended to*
22 *read:*

23 42281. (a) Except as specified in paragraph (4), for each
24 elementary school district that maintains only one school with a
25 second principal apportionment average daily attendance of less
26 than ~~101~~, 97, the ~~county superintendent~~ *Superintendent* shall make
27 one of the following computations, whichever provides the lesser
28 amount:

29 ~~(1)~~

30 (a) For each small school that has an average daily attendance
31 during the fiscal year of less than ~~26~~, 25, exclusive of pupils
32 attending the 7th and 8th grades of a junior high school, and for
33 which school at least one teacher was hired full time, the ~~county~~
34 ~~superintendent~~ *Superintendent* shall compute for the *school* district
35 fifty-two thousand nine hundred twenty-five dollars (\$52,925).

36 ~~(2)~~

37 (b) For each small school that has an average daily attendance
38 during the fiscal year of ~~26~~ 25 or more and less than ~~51~~, 49,
39 exclusive of pupils attending the 7th and 8th grades of a junior
40 high school, and for which school at least two teachers were hired

1 full time for more than one-half of the days schools were
2 maintained, the ~~county superintendent~~ *Superintendent* shall
3 compute for the *school* district one hundred five thousand eight
4 hundred fifty dollars (\$105,850).

5 (3)

6 (c) For each small school that has an average daily attendance
7 during the fiscal year of ~~51~~ 49 or more but less than ~~76~~, 73,
8 exclusive of pupils attending the 7th and 8th grades of a junior
9 high school, and for which school three teachers were hired full
10 time for more than one-half of the days schools were maintained,
11 the ~~county superintendent~~ *Superintendent* shall compute for the
12 *school* district one hundred fifty-eight thousand seven hundred
13 seventy-five dollars (\$158,775).

14 (4)

15 (d) For each small school that has an average daily attendance
16 during the fiscal year of ~~76~~ 73 or more and less than ~~101~~, 97,
17 exclusive of pupils attending the 7th and 8th grades of a junior
18 high school, and for which school four teachers were hired full
19 time for more than one-half of the days schools were maintained,
20 the ~~county superintendent~~ *Superintendent* shall compute for the
21 *school* district two hundred eleven thousand seven hundred dollars
22 (\$211,700). A school district that qualifies under this subdivision
23 may use this funding calculation until the ~~revenue limit local~~
24 *control funding formula allocation pursuant to Section 42238.02,*
25 *as implemented by Section 42238.03,* per unit of average daily
26 attendance multiplied by the average daily attendance produces
27 state aid equal to the small school funding formula.

28 (b) ~~For the 1998-99 fiscal year and each fiscal year thereafter,~~
29 ~~the average daily attendance figure of 101 specified in subdivision~~
30 ~~(a) and the ranges of average daily attendance specified in~~
31 ~~paragraphs (1) to (4), inclusive, shall be reduced by the statewide~~
32 ~~average rate of excused absence reported for elementary school~~
33 ~~districts for the 1996-97 fiscal year pursuant to Section 42238.7,~~
34 ~~with the resultant figures and ranges rounded to the nearest integer.~~

35 SEC. 44. *Section 42282 of the Education Code is amended to*
36 *read:*

37 42282. For each district with fewer than 2,501 units of second
38 principal apportionment average daily attendance, on account of
39 each necessary small school, the ~~county superintendent~~
40 *Superintendent* shall make the following computations:

1 (a) For each necessary small school which has an average daily
2 attendance during the fiscal year of less than ~~26~~, 25, exclusive of
3 pupils attending the 7th and 8th grades of a junior high school,
4 and for which school at least one teacher was hired full time, the
5 ~~county superintendent~~ *Superintendent* shall compute for the *school*
6 district fifty-two thousand nine hundred twenty-five dollars
7 (\$52,925).

8 (b) For each necessary small school which has an average daily
9 attendance during the fiscal year of ~~26~~ 25 or more and less than
10 ~~54~~, 49, exclusive of pupils attending the 7th and 8th grades of a
11 junior high school, and for which school at least two teachers were
12 hired full time for more than one-half of the days schools were
13 maintained, the ~~county superintendent~~ *Superintendent* shall
14 compute for the *school* district one hundred five thousand eight
15 hundred fifty dollars (\$105,850).

16 (c) For each necessary small school which has an average daily
17 attendance during the fiscal year of ~~54~~ 49 or more, but less than
18 ~~76~~, 73, exclusive of pupils attending the 7th and 8th grades of a
19 junior high school, and for which school three teachers were hired
20 full time for more than one-half of the days schools were
21 maintained, the ~~county superintendent~~ *Superintendent* shall
22 compute for the *school* district one hundred fifty-eight thousand
23 seven hundred seventy-five dollars (\$158,775).

24 (d) For each necessary small school which has an average daily
25 attendance during the fiscal year of ~~76~~ 73 or more and less than
26 ~~104~~, 97, exclusive of pupils attending the 7th and 8th grades of a
27 junior high school, and for which school four teachers were hired
28 full time for more than one-half of the days schools were
29 maintained, the ~~county superintendent~~ *Superintendent* shall
30 compute for the *school* district two hundred eleven thousand seven
31 hundred dollars (\$211,700).

32 (e) A school district that qualifies under this section may use
33 this funding calculation until the ~~revenue limit~~ *local control funding*
34 *formula allocation pursuant to Section 42238.02, as implemented*
35 *by Section 42238.03*, per unit of average daily attendance
36 multiplied by the average daily attendance produces state aid equal
37 to the small school funding formula.

38 (f) ~~For the 1998-99 fiscal year and each fiscal year thereafter,~~
39 ~~the ranges of average daily attendance specified in subdivisions~~
40 ~~(a) to (d), inclusive, shall be reduced by the statewide average rate~~

1 of excused absences reported for elementary school districts for
2 the 1996-97 fiscal year pursuant to Section 42238.7, with the
3 resultant figures and ranges rounded to the nearest integer.

4 *SEC. 45. Section 42282.1 of the Education Code is repealed.*

5 ~~42282.1. (a) Notwithstanding Section 42282, or any other~~
6 ~~provision of law, each necessary small school in the Death Valley~~
7 ~~Unified School District shall qualify for the apportionment~~
8 ~~specified in subdivision (b) of Section 42282 if that school has an~~
9 ~~average daily attendance of 21 or more and less than 51, exclusive~~
10 ~~of pupils attending the 7th and 8th grades of a junior high school,~~
11 ~~and for which school at least two teachers were hired full-time for~~
12 ~~more than one-half of the days schools were maintained.~~

13 ~~(b) It is the intent of the Legislature not to provide a special~~
14 ~~allowance to the Death Valley Unified School District for one of~~
15 ~~its schools by future legislation if the average daily attendance at~~
16 ~~the school is 18 or less.~~

17 *SEC. 46. Section 42283 of the Education Code is amended to*
18 *read:*

19 ~~42283. (a) For the purposes of Section Sections 42281 and~~
20 ~~42282, a “necessary small school” is an elementary school with~~
21 ~~an average daily attendance of less than 101, 97, exclusive of pupils~~
22 ~~attending the seventh and eighth grades of a junior high school,~~
23 ~~maintained by a school district which maintains two or more~~
24 ~~schools and to which school any of the following conditions apply:~~

25 (1) If as many as five pupils residing in the *school* district and
26 attending kindergarten and grades 1 to 8, inclusive, exclusive of
27 pupils attending the seventh and eighth grades of a junior high
28 school in the elementary school with an average daily attendance
29 of less than 101 97 would be required to travel more than 10 miles
30 one way from a point on a well-traveled road nearest their home
31 to the nearest other public elementary school.

32 (2) If as many as 15 pupils residing in the *school* district and
33 attending kindergarten and grades 1 to 8, inclusive, exclusive of
34 pupils attending the seventh and eighth grades of a junior high
35 school in the elementary school with an average daily attendance
36 of less than 101 97 would be required to travel more than five
37 miles one way from a point on a well-traveled road nearest their
38 home to the nearest other public elementary school.

39 (3) If topographical or other conditions exist in a *school* district
40 which would impose unusual hardships if the number of miles

1 specified in paragraph (1) or (2) were required to be traveled, or
2 if during the fiscal year the roads which would be traveled have
3 been impassable for more than an average of two weeks per year
4 for the preceding five years, the governing board of the *school*
5 district may, on or before April 1, request the Superintendent of
6 ~~Public Instruction~~, in writing, for an exemption from these
7 requirements or for a reduction in the miles required. The request
8 shall be accompanied by a statement of the conditions upon which
9 the request is based, giving the information in a form required by
10 the Superintendent of ~~Public Instruction~~. The Superintendent of
11 ~~Public Instruction~~ shall cause an investigation to be made, and
12 shall either grant the request to the extent he or she deems
13 necessary, or deny the request.

14 ~~(b) For the 1998-99 fiscal year and each fiscal year thereafter,~~
15 ~~a “necessary small school,” as defined in subdivision (a), shall be~~
16 ~~an elementary school with an average daily attendance of less than~~
17 ~~101 reduced by the statewide average rate of excused absence~~
18 ~~reported for elementary school districts for the 1996-97 fiscal year~~
19 ~~pursuant to Section 42238.7, rounded to the nearest integer.~~

20 *(b) For purposes of this section, “other public elementary*
21 *school” is a public school, including a charter school, that serves*
22 *kindergarten or any of grades 1 to 8, inclusive, exclusive of grades*
23 *7 and 8 of a junior high school.*

24 *SEC. 47. Section 42283.1 of the Education Code is repealed.*

25 ~~42283.1. (a) Notwithstanding any provision of this article or~~
26 ~~any other provision of law, Mt. Hamilton Elementary School and~~
27 ~~Harney Elementary School each shall be deemed a necessary small~~
28 ~~school, as defined in Section 42283. In lieu of the amount~~
29 ~~calculated for necessary small schools, and in addition to the~~
30 ~~amount per unit of average daily attendance received by the~~
31 ~~districts, as calculated pursuant to Article 2 (commencing with~~
32 ~~Section 42238), the Alum Rock Union Elementary School District~~
33 ~~shall receive in each fiscal year, commencing with the 1993-94~~
34 ~~fiscal year, a twenty thousand dollar (\$20,000) apportionment for~~
35 ~~Mt. Hamilton Elementary School and the Patterson Joint Unified~~
36 ~~School District shall receive a twenty thousand dollar (\$20,000)~~
37 ~~apportionment for Harney Elementary School.~~

38 ~~(b) If either Mt. Hamilton Elementary School or Harney~~
39 ~~Elementary School exceeds 20 units of average daily attendance~~

in any fiscal year, then that school shall no longer be entitled to receive the apportionments set forth in subdivision (a).

SEC. 48. Section 42283.2 of the Education Code is repealed.

~~42283.2. (a) Notwithstanding any other provision of law, the Rand Elementary School shall be deemed a necessary small school, as defined in Section 42283. Notwithstanding any other provision of law, the Sierra Sands Unified School District is eligible to receive apportionments for the Rand Elementary School pursuant to Section 42282.~~

~~(b) If the amount of average daily attendance of the Rand Elementary School exceeds 100, then that school shall no longer be entitled to receive apportionments as a necessary small school.~~

SEC. 49. Section 42284 of the Education Code is amended to read:

42284. (a) For each district with fewer than 2,501 units of average daily attendance, on account of each necessary small high school, the county superintendent of schools shall make one of the following computations selected with regard only to the number of certificated employees employed or average daily attendance, whichever provides the lesser amount:

Average daily attendance	Minimum number of certificated employees	Amount to be computed
1—20— 19	less than 3	\$42,980 per teacher
1—20— 19	3	191,340
21—40— 20— 38	4	234,320
41—60— 39— 57	5	277,300
61—75— 58— 71	6	320,280
76—90— 72— 86	7	363,260
91—105— 87— 100	8	406,240
106—120— 01—114	9	449,220
121—135— 115—129	10	492,200
136—150— 130—143	11	535,180
151—180— 44—171	12	578,160
181—220— 172—210	13	621,140
221—260— 211—248	14	664,120
261—300— 249—286	15	707,100

(b) For purposes of this section, a “certificated employee” means an equivalent full-time position of an individual holding a credential authorizing service and providing service in grades 9 to 12, inclusive, in any secondary school. Any fraction of an equivalent full-time position remaining after all equivalent full-time positions for certificated employees within the district have been calculated shall be deemed to be a full-time position.

(c) A school district that qualifies under this section may use the funding calculation as provided in this section until the revenue limit local control funding formula allocation pursuant to Section 42238.02, as implemented by Section 42238.03, per unit of average daily attendance multiplied by the average daily attendance produces state aid equal to the funding provided under this section.

~~(d) For the 1998–99 fiscal year and each fiscal year thereafter, the ranges of average daily attendance specified in the table in subdivision (a) shall be reduced by the statewide average rate of excused absence reported for high school districts for the 1996–97 fiscal year pursuant to Section 42238.7, with the resultant ranges rounded to the nearest integer.~~

SEC. 50. Section 42285 of the Education Code is amended to read:

42285. (a) For the purposes of Section 42284, a necessary small high school is a high school with an average daily attendance of less than ~~304~~ 287 that comes within any of the following conditions:

(1) The projection of its future enrollment on the basis of the enrollment of the elementary schools in the district shows that within eight years the enrollment in high school in grades 9 to 12, inclusive, will exceed ~~300~~ 286 pupils.

(2) Any one of the following combinations of distance and units of average daily attendance applies:

(A) The high school had an average daily attendance of less than ~~400~~ 96 in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 15 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 20 miles or 25 percent of the pupils would be required to travel 30 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(B) The high school had an average daily attendance of ~~100~~ 96 or more and less than ~~150~~ 144 in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 10 miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 18 miles or 25 percent of the pupils would be required to travel 25 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(C) The high school had an average daily attendance of ~~150~~ 144 or more and less than ~~200~~ 192 in grades 9 to 12, inclusive, during the preceding fiscal year and is more than 7½ miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 15 miles or 25 percent of the pupils would be required to travel 20 miles one way from a point on a well-traveled road nearest their homes to the nearest other public high school.

(D) The high school had an average daily attendance of ~~200~~ 192 or more and less than ~~301~~ 287 in grades 9 to 12, inclusive, during the preceding fiscal year and is more than five miles by well-traveled road from the nearest other public high school and either 90 percent of the pupils would be required to travel 10 miles or 25 percent of the pupils would be required to travel 15 miles to the nearest other public high school.

(3) Topographical or other conditions exist in the *school* district which would impose unusual hardships on the pupils if the number of miles specified above were required to be traveled. In these cases, the Superintendent may, when requested, and after investigation, grant exceptions from the distance requirements.

(4) The Superintendent has approved the recommendation of a county committee on school district organization designating one of two or more schools as necessary isolated schools in a situation where the schools are operated by two or more *school* districts and the average daily attendance of each of the schools is less than ~~301~~ 287 in grades 9 to 12, inclusive.

(b) For the purposes of Section 42284, a necessary small high school also includes ~~any of the following:~~ *a high school maintained by a school district for the exclusive purpose of educating juvenile hall pupils or pupils with exceptional needs.*

(1) ~~The only high school maintained by a unified school district.~~

~~(2) A high school maintained by a school district for the exclusive purpose of educating juvenile hall pupils or pupils with exceptional needs.~~

~~(3) (A) The Sea View Elementary School in the Coachella Valley Unified School District, as long as the amount of average daily attendance of that school is 286 or less.~~

~~(B) The West Shores High School in the Coachella Valley Unified School District, as long as the amount of average daily attendance of that school is 286 or less.~~

~~(c) For the purposes of Section 42284, a necessary small high school does not include a continuation school.~~

~~(d) For each fiscal year, the high school and junior high school average daily attendance figures specified in subdivision (a) and the ranges of average daily attendance specified in paragraph (2) of subdivision (a) shall be reduced by the statewide average rate of excused absence reported for high school districts for the 1996-97 fiscal year pursuant to Section 42238.7, with the resultant figures and ranges rounded to the nearest integer.~~

~~(d) For purposes of this section, "other public high school" is a public school, including a charter school, that serves any of grades 9 to 12, inclusive, or grades 7 and 8 in a junior high school.~~

~~SEC. 51. Section 42285.1 of the Education Code is repealed.~~

~~42285.1. (a) For purposes of Section 42285, a necessary small high school includes the Boys Republic High School maintained by the Chino Unified School District in which the majority of the pupils are placed by court order and the enrollment of the school is less than 200 pupils. The total amount annually received by the Chino Unified School District pursuant to this section for the 1988-89 fiscal year and each fiscal year thereafter shall not exceed an amount equal to the sum of one hundred eighty thousand dollars (\$180,000) plus the amount of revenue that the average daily attendance in the Boys Republic High School would have generated pursuant to Section 42238 and paragraph (1) of subdivision (a) of Section 42238.5.~~

~~(b) The Chino Unified School District shall submit an annual report to the State Department of Education regarding the necessary small high school as defined in this section. The report shall include, but not be limited to, the number of pupils attending the school, the number of teachers teaching in the school, the number~~

1 of days that classes were held in the school, and the type of
2 program provided by the district.

3 (e) ~~It is the intent of the Legislature that the Chino Unified~~
4 ~~School District receive funding as provided by this section~~
5 ~~commencing with the 1988-89 fiscal year and continuing in~~
6 ~~subsequent fiscal years.~~

7 *SEC. 52. Section 42285.4 of the Education Code is repealed.*

8 ~~42285.4. Notwithstanding any other provision of law, the River~~
9 ~~Delta Unified School District is eligible to receive apportionments~~
10 ~~pursuant to the schedule and criteria for small necessary high~~
11 ~~schools set forth in Section 42284 if the school district has no more~~
12 ~~than 3,000 units of average daily attendance.~~

13 *SEC. 53. Section 42285.5 of the Education Code is amended*
14 *to read:*

15 42285.5. (a) For purposes of subdivision (a) of Section 42284
16 and Section 42285, a school district may include average daily
17 attendance in grades 7 and 8 and the instructors of grade 7 and 8
18 pupils in the calculation of average daily attendance and number
19 of certificated employees employed ~~in the 2011-12 fiscal year if~~
20 ~~the school district included average daily attendance in grades 7~~
21 ~~and 8 and the instructors of grade 7 and 8 pupils in the calculation~~
22 ~~of average daily attendance and certificated employees employed~~
23 ~~in the 2010-11 fiscal year.~~

24 (b) Notwithstanding Sections 42284 and 42285, for purposes
25 of this section, with respect to a school district eligible to utilize
26 subdivision (a), any references to grades 9 to 12, inclusive, in
27 Sections 42284 and 42285 shall be deemed instead to be references
28 to grades 7 to 12, inclusive.

29 *SEC. 54. Section 42286 of the Education Code is amended to*
30 *read:*

31 42286. (a) Except as required under subdivision (b), if a high
32 school is determined to be a necessary small high school under
33 Section 42285, that status shall not be changed except as a review
34 of the determinative factors made every ~~five~~ *two* years following
35 the date of the determination indicates that the determination should
36 be changed.

37 (b) If a high school is determined to be a necessary small high
38 school under paragraph (3) of subdivision (b) of Section 42285,
39 that status shall not be changed except as a review of the
40 determinative factors made every two years following the date of

1 the determination indicates that the determination should be
2 changed.

3 (c) ~~Any~~ A high school that has not been determined to be a
4 necessary small high school under Section 42285, may be
5 determined to be a necessary small high school at the beginning
6 of ~~any~~ a fiscal year if it meets the criteria specified in Section
7 42285.

8 *SEC. 55. Section 42287 of the Education Code is amended to*
9 *read:*

10 42287. (a) For the 1984–85 fiscal year ~~and each fiscal year~~
11 ~~thereafter~~, *to the 2012–13 fiscal year, inclusive*, the Superintendent
12 of Public Instruction shall increase the funding amounts specified
13 in Sections 42281, 42282, and 42284 by an amount proportionate
14 to the increase applied to the statewide average revenue limit for
15 unified school districts for the then current fiscal year.

16 (b) *Commencing with the 2013–14 fiscal year, the*
17 *Superintendent shall increase the funding amounts specified in*
18 *Sections 42281, 42282, and 42284, as previously increased*
19 *pursuant to subdivision (a) and Sections 42289 to 42289.5,*
20 *inclusive, by an amount proportionate to the increase in the*
21 *statewide average local control funding formula allocations*
22 *pursuant to Section 42238.02, as implemented by Section 42238.03,*
23 *for the then current fiscal year.*

24 *SEC. 56. Section 42289 of the Education Code is amended to*
25 *read:*

26 42289. Notwithstanding any other ~~provision of~~ law, for each
27 fiscal year, ~~prior to year through the 2012–13 fiscal year, before~~
28 calculating the increase in funding amount specified in Section
29 42287, the Superintendent ~~of Public Instruction~~ shall increase the
30 funding amounts specified in Sections 42281, 42282, and 42284,
31 by the product of subdivisions (a) and (b):

32 (a) The amount per unit of average daily attendance received
33 by the *school* district pursuant to Section 46201 in the prior fiscal
34 year.

35 (b) The average daily attendance for each necessary small school
36 and necessary small high school for which the *school* district
37 received funding in the prior fiscal year pursuant to Section 42281,
38 42282, or 42284, as appropriate.

39 *SEC. 57. Section 42289.1 of the Education Code is amended*
40 *to read:*

1 42289.1. (a) Notwithstanding any other ~~provision of law~~, for
2 the 1988–89 fiscal year ~~and each fiscal year thereafter, to the~~
3 *2012–13 fiscal year, inclusive*, after calculating the increase in
4 funding amounts specified in Section 42287, the Superintendent
5 of ~~Public Instruction~~ shall increase the funding amounts specified
6 in Sections 42281, 42282, and 42284, by the sum of paragraphs
7 (1) and (2):

8 (1) Compute the product of subparagraphs (A) and (B):

9 (A) The amount per unit of average daily attendance computed
10 pursuant to subdivision (g) of Section 42240.

11 (B) The average daily attendance for each necessary small
12 school and necessary small high school for which the district
13 receives funding in the current fiscal year pursuant to Section
14 42281, 42282, or 42284, as appropriate.

15 (2) ~~Commencing in~~ *From the 1990–91 fiscal year and each*
16 *fiscal year thereafter, to the 2012–13 fiscal year, inclusive*, the
17 amount computed pursuant to paragraph (1) shall be increased by
18 the percentage cost-of-living increase given to school district
19 revenue limits for the then current fiscal year.

20 *SEC. 58. Section 42289.2 of the Education Code is amended*
21 *to read:*

22 42289.2. (a) Notwithstanding any other ~~provision of law~~, for
23 the 1989–90 fiscal year ~~and each fiscal year thereafter, to the~~
24 *2012–13 fiscal year, inclusive*, after calculating the increase in
25 funding amounts specified in Section 42287, the Superintendent
26 of ~~Public Instruction~~ shall increase the funding amounts specified
27 in Sections 42281, 42282, and 42284, by the sum of paragraphs
28 (1) and (2):

29 (1) Compute the product of subparagraphs (A) and (B):

30 (A) The amount per unit of average daily attendance computed
31 pursuant to subdivision (e) of Section 54060.5.

32 (B) The average daily attendance for each necessary small
33 school and necessary small high school for which the *school* district
34 receives funding in the current fiscal year pursuant to Section
35 42281, 42282, or 42284, as appropriate.

36 (2) ~~Commencing in~~ *From the 1990–91 fiscal year and each*
37 *fiscal year thereafter, to the 2012–13 fiscal year, inclusive*, the
38 amount computed pursuant to paragraph (1) shall be increased by
39 the percentage cost-of-living increase given to school district
40 revenue limits for the then current fiscal year.

1 *SEC. 59. Section 42289.3 of the Education Code is amended*
2 *to read:*

3 42289.3. (a) Notwithstanding any other ~~provision of law~~, for
4 the 1989–90 fiscal year ~~and each fiscal year thereafter~~, *to the*
5 *2012–13 fiscal year, inclusive*, after calculating the increase in
6 funding amounts specified in Section 42287, the Superintendent
7 of Public Instruction shall increase the funding amounts specified
8 in Sections 42281, 42282, and 42284, by the sum of paragraphs
9 (1) and (2):

10 (1) Compute the product of subparagraphs (A) and (B):

11 (A) The amount per unit of average daily attendance computed
12 pursuant to subdivision (e) of Section 54060.6.

13 (B) The average daily attendance for each necessary small
14 school and necessary small high school for which the *school* district
15 receives funding in the current fiscal year pursuant to Section
16 42281, 42282, or 42284, as appropriate.

17 (2) ~~Commencing in~~ *From the 1990–91 fiscal year and each*
18 ~~fiscal year thereafter, to the 2012–13 fiscal year, inclusive~~, the
19 amount computed pursuant to paragraph (1) shall be increased by
20 the percentage cost-of-living increase given to school district
21 revenue limits for the then current fiscal year.

22 *SEC. 60. Section 42289.4 of the Education Code is amended*
23 *to read:*

24 42289.4. (a) Notwithstanding any other ~~provision of law~~, for
25 the 1989–90 fiscal year ~~and each fiscal year thereafter~~, *to the*
26 *2012–13 fiscal year, inclusive*, after calculating the increase in
27 funding amounts specified in Section 42287, the Superintendent
28 of Public Instruction shall increase the funding amounts specified
29 in Sections 42281, 42282, and 42284, by the sum of paragraphs
30 (1) and (2):

31 (1) Compute the product of subparagraphs (A) and (B):

32 (A) The amount per unit of average daily attendance computed
33 pursuant to subdivision (b) of Section 54060.7.

34 (B) The average daily attendance for each necessary small
35 school and necessary small high school for which the *school* district
36 receives funding in the current fiscal year pursuant to Section
37 42281, 42282, or 42284, as appropriate.

38 (2) ~~Commencing in~~ *From the 1990–91 fiscal year and each*
39 ~~fiscal year thereafter, to the 2012–13 fiscal year, inclusive~~, the
40 amount computed pursuant to paragraph (1) shall be increased by

1 the percentage cost-of-living increase given to school district
2 revenue limits for the then current fiscal year.

3 *SEC. 61. Section 42289.5 of the Education Code is amended*
4 *to read:*

5 42289.5. Notwithstanding any other ~~provision of~~ law, the
6 increases determined pursuant to Sections 42289, 42289.1, 42289.3,
7 and 42289.4 shall be permanently increased for the 1998–99 fiscal
8 year by the quotient, for each *school* district eligible for an increase,
9 of the amount determined pursuant to subparagraph (B) of
10 paragraph (3) of subdivision (a) of Section 42238.8, *as that section*
11 *read on January 1, 2013*, divided by the amount determined
12 pursuant to subparagraph (C) of paragraph (3) of subdivision (a)
13 of Section 42238.8, *as that section read on January 1, 2013*.

14 *SEC. 62. Section 42605 of the Education Code is repealed.*

15 ~~42605. (a) (1) Unless otherwise prohibited under federal law~~
16 ~~or otherwise specified in subdivision (c), for the 2008–09 fiscal~~
17 ~~year to the 2014–15 fiscal year, inclusive, recipients of funds from~~
18 ~~the items listed in paragraph (2) may use funding received, pursuant~~
19 ~~to subdivision (b), from any of these items listed in paragraph (2)~~
20 ~~that are contained in Section 2.00 of the annual Budget Act, for~~
21 ~~any educational purpose.~~

22 ~~(2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001,~~
23 ~~6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001,~~
24 ~~6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001,~~
25 ~~6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,~~
26 ~~6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,~~
27 ~~6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001,~~
28 ~~6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001,~~
29 ~~6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001,~~
30 ~~6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001,~~
31 ~~6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section~~
32 ~~2.00.~~

33 ~~(b) (1) For the 2009–10 fiscal year to the 2014–15 fiscal year,~~
34 ~~inclusive, the Superintendent or other administering state agency,~~
35 ~~as appropriate, shall apportion from the amounts provided in the~~
36 ~~annual Budget Act for the items enumerated in paragraph (2) of~~
37 ~~subdivision (a) an amount to recipients based on the same relative~~
38 ~~proportion that the recipient received in the 2008–09 fiscal year~~
39 ~~for the programs funded through the items enumerated in paragraph~~
40 ~~(2) of subdivision (a).~~

~~(2) This section and Section 42 of Chapter 12 of the Third Extraordinary Session of the Statutes of 2009 do not authorize a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 to redirect this funding for another purpose unless otherwise authorized in law or pursuant to an agreement between a charter school and its chartering authority. Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 shall continue to distribute the funds to those charter schools based on the relative proportion that the school district distributed in the 2007–08 fiscal year, and shall adjust those amounts to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a). For a charter school that began operation in the 2008–09 fiscal year, if a school district received funding on behalf of that charter school pursuant to Sections 47634.1 and 47651, the school district shall continue to distribute the funds to that charter school based on the relative proportion that the school district distributed in the 2008–09 fiscal year and shall adjust the amount of those funds to reflect changes in charter school attendance in the district. The amounts allocated shall be adjusted for any greater or lesser amount appropriated for the items enumerated in paragraph (2) of subdivision (a).~~

~~(3) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts appropriated by Item 6110-211-0001 of Section 2.00 of the annual Budget Act an amount to a charter school in accordance with the per-pupil methodology prescribed in subdivision (c) of Section 47634.1.~~

~~(4) Notwithstanding paragraph (1), for the 2008–09 fiscal year to the 2014–15 fiscal year, inclusive, the Superintendent shall apportion from the amounts provided in the annual Budget Act an amount to a school district, charter school, and county office of education based on the same relative proportion that the local educational agency received in the 2007–08 fiscal year for the programs funded through the following items contained in Section 2.00 of the annual Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001, 6110-190-0001, Schedule (3) of 6110-193-0001,~~

1 6110-198-0001, ~~6110-232-0001, and Schedule (2) of~~
2 ~~6110-240-0001.~~

3 (5) ~~For purposes of paragraph (4), if a direct-funded charter~~
4 ~~school began operation in the 2008–09 fiscal year, the amount that~~
5 ~~the charter school was entitled to receive from the items~~
6 ~~enumerated in paragraph (4) for the 2008–09 fiscal year, as certified~~
7 ~~by the Superintendent in March 2009, is deemed to have been~~
8 ~~received in the 2007–08 fiscal year.~~

9 (e) (1) ~~This section does not obligate the state to refund or repay~~
10 ~~reductions made pursuant to this section. A decision by a school~~
11 ~~district to reduce funding pursuant to this section for a~~
12 ~~state-mandated local program shall constitute a waiver of the~~
13 ~~subvention of funds that the school district is otherwise entitled to~~
14 ~~pursuant to Section 6 of Article XIII B of the California~~
15 ~~Constitution on the amount so reduced.~~

16 (2) (A) ~~As a condition of receipt of funds, the governing board~~
17 ~~of the school district or governing board of the county office of~~
18 ~~education, as appropriate, at a regularly scheduled open public~~
19 ~~hearing shall take testimony from the public, discuss, approve or~~
20 ~~disapprove the proposed use of funding, and make explicit for each~~
21 ~~of the budget items in paragraph (2) of subdivision (a) the purposes~~
22 ~~for which the funds will be used.~~

23 (B) ~~The regularly scheduled open public hearing held pursuant~~
24 ~~to subparagraph (A) shall be held before and independent of a~~
25 ~~meeting where the governing board of the school district or~~
26 ~~governing board of the county office of education adopts a budget.~~
27 ~~If the governing board intends to close a program funded by the~~
28 ~~items listed in paragraph (2) of subdivision (a), the governing board~~
29 ~~shall identify, in the notice of the agenda of the public hearing or~~
30 ~~at another public hearing, the program or programs proposed to~~
31 ~~be closed.~~

32 (3) ~~Using the Standardized Account Code Structure reporting~~
33 ~~process, a local educational agency shall report expenditures of~~
34 ~~funds pursuant to the authority of this section by using the~~
35 ~~appropriate function codes to indicate the activities for which these~~
36 ~~funds are expended. The department shall collect and provide this~~
37 ~~information to the Department of Finance and the appropriate~~
38 ~~policy and budget committees of the Legislature by April 15, 2010,~~
39 ~~and annually thereafter on April 15 until, and including, April 15,~~
40 ~~2016.~~

~~(d) For the 2008-09 fiscal year to the 2014-15 fiscal year, inclusive, local educational agencies that use the flexibility provision of this section shall be deemed to be in compliance with the program and funding requirements contained in statutory, regulatory, and provisional language, associated with the items enumerated in subdivision (a).~~

~~(e) Notwithstanding subdivision (d), the following requirements shall continue to apply:~~

~~(1) For Item 6110-105-0001 of Section 2.00 of the annual Budget Act, the amount authorized for flexibility shall exclude the funding provided to fund remedial educational services pursuant to Provision 4. For Item 6110-156-0001 of Section 2.00 of the annual Budget Act, the amount authorized for flexibility shall exclude the funding provided for instruction of CalWORKs-eligible students pursuant to Schedules (2) and (3) and Provisions 2 and 4.~~

~~(2) (A) Any instructional materials purchased by a local educational agency for kindergarten and grades 1 to 8, inclusive, and for grades 9 to 12, inclusive, shall be aligned with the state standards adopted pursuant to Section 60605 or 60605.8, and shall also meet the reporting and sufficiency requirements contained in Section 60119.~~

~~(B) For purposes of this section, “sufficiency” means that each pupil has sufficient textbooks and instructional materials in the four core areas as defined by Section 60119 and that all pupils within the local educational agency who are enrolled in the same course shall have identical textbooks and instructional materials, as specified in Section 1240.3.~~

~~(3) For Item 6110-195-0001 of Section 2.00 of the annual Budget Act, the item shall exclude moneys that are required to fund awards for teachers that have previously met the requirements necessary to obtain these awards, until the award is paid in full.~~

~~(4) For Item 6110-266-0001 of Section 2.00 of the annual Budget Act, a county office of education shall conduct at least one site visit to each of the required schoolsites pursuant to Section 1240 and shall fulfill all of the duties set forth in Sections 1240 and 44258.9.~~

~~(5) For Item 6110-198-0001 of Section 2.00 of the annual Budget Act, a school district or county office of education that operates the child care component of the Cal-SAFE program shall~~

1 comply with paragraphs (5) and (6) of subdivision (c) of Section
2 54746.

3 (f) This section does not invalidate any state law pertaining to
4 teacher credentialing requirements or the functions that require
5 credentials.

6 *SEC. 63. Section 42606 of the Education Code is repealed.*

7 42606. (a) To the extent funds are provided, for the 2010–11
8 to the 2014–15 fiscal years, inclusive, the Superintendent shall
9 allocate a supplemental categorical block grant to a charter school
10 that began operation during or after the 2008–09 fiscal year. These
11 supplemental categorical block grant funds may be used for any
12 educational purpose. Commencing in the 2011–12 fiscal year, a
13 locally or direct funded charter school that converted from a
14 preexisting school between the 2008–09 and 2014–15 fiscal years,
15 inclusive, is not eligible for funding specified in this section. A
16 charter school that receives funding pursuant to this subdivision
17 shall not receive additional funding for programs specified in
18 paragraph (2) of subdivision (a) of Section 42605, with the
19 exception of the program funded pursuant to Item 6110-211-0001
20 of Section 2.00 of the annual Budget Act.

21 (b) (1) For the 2010–11 fiscal year, the supplemental categorical
22 block grant shall equal one hundred twenty-seven dollars (\$127)
23 per unit of charter school average daily attendance as determined
24 at the 2010–11 second principal apportionment for charter schools
25 commencing operations during or after the 2008–09 fiscal year.
26 A locally funded charter school that converted from a preexisting
27 school during or after the 2008–09 fiscal year is not eligible for
28 funding specified in this section.

29 (2) For the 2011–12 to the 2014–15 fiscal years, inclusive, the
30 supplemental categorical block grant shall equal one hundred
31 twenty-seven dollars (\$127) per unit of charter school average
32 daily attendance as determined at the current year second principal
33 apportionment for charter schools commencing operations during
34 or after the 2008–09 fiscal year. In lieu of this supplemental grant,
35 a school district shall provide new conversion charter schools that
36 commenced operations within the district during or after the
37 2008–09 fiscal year, one hundred twenty-seven dollars (\$127) per
38 unit of charter school average daily attendance as determined at
39 the current year second principal apportionment. This paragraph
40 does not preclude a school district and a new conversion charter

~~1 school from negotiating an alternative funding rate. Absent
2 agreement from both parties on an alternative rate, the school
3 district shall be obligated to provide funding at the one hundred
4 twenty-seven dollars (\$127) per average daily attendance rate.~~

5 *SEC. 64. Section 42800 of the Education Code is amended to*
6 *read:*

7 42800. (a) The governing board of ~~any~~ *a* school district may,
8 with the consent of the county superintendent of schools, establish
9 a revolving cash fund for the use of the chief accounting officer
10 of the *school* district, by adopting a resolution setting forth the
11 necessity for the revolving cash fund, the officer for whom and
12 the purposes for which the revolving cash fund shall be available,
13 and the amount of the fund. The purposes for which the revolving
14 cash fund shall be available shall include the purposes specified
15 in Section 45167. Three certified copies of the resolution shall be
16 transmitted to the county superintendent of schools. If he approves
17 the establishment of the fund, the county superintendent shall
18 endorse his consent on the resolution and return one copy to the
19 governing body of the *school* district, and transmit one copy to the
20 county auditor.

21 (b) The maximum amount allowed for revolving cash funds
22 established pursuant to subdivision (a) shall be the lesser of:

23 (1) Two percent of the district's estimated expenditures for the
24 current fiscal year, or

25 (2) A dollar amount limit of seventy-five thousand dollars
26 (\$75,000) for any elementary school or high school district and
27 one hundred fifty thousand dollars (\$150,000) for any unified
28 school district for fiscal year 1990–91. The dollar amount limit
29 for each *school* district ~~shall thereafter shall, through the 2012–13~~
30 *fiscal year, be increased annually by the percentage increase in*
31 *the district's revenue limit established by Section 42238, as that*
32 *section read on January 1, 2013. The dollar amount limit for each*
33 *school district shall thereafter be increased annually by the*
34 *percentage increase in the school district's local control funding*
35 *formula allocation established pursuant to Section 42238.02, as*
36 *implemented pursuant to Section 42238.03.*

37 *SEC. 65. Section 46200 of the Education Code is amended to*
38 *read:*

39 ~~46200. (a) In the 1984–85 fiscal year, for each school district~~
40 ~~that certifies to the Superintendent of Public Instruction that it~~

~~offers 180 days or more of instruction per school year, the Superintendent of Public Instruction shall apportion thirty-five dollars (\$35) per unit of average daily attendance, exclusive of adult average daily attendance, the average daily attendance of pupils while participating in regional occupation centers or programs, and average daily attendance for pupils attending summer school. A multitrack year-round school shall be deemed to be in compliance with the 180-day requirement if it certifies to the Superintendent of Public Instruction that it is a multitrack year-round school and maintains its school for a minimum of 163 schooldays. Each school district that received an apportionment pursuant to this subdivision in the 1984-85 fiscal year shall add thirty-five dollars (\$35) to the district's base revenue limit per unit of average daily attendance for the 1985-86 fiscal year.~~

~~(b) For any school district that received an apportionment pursuant to subdivision (a) and that offered less than 180 days, or offered less than the number of days required in subdivision (a) for multitrack year-round schools, of instruction in the 1985-86 fiscal year to the 2000-01 fiscal year, inclusive, and that does not provide the minimum number of instructional minutes specified in subdivision (a) of Section 46201 for that fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for that fiscal year or years by an amount attributable to the increase received pursuant to subdivision (a), as adjusted in fiscal years subsequent to the 1984-85 fiscal year.~~

~~(c)~~

~~46200. For any a school district that received an apportionment pursuant to subdivision (a) of this section, as it read on January 1, 2013, and that offers less than 180 days of instruction or, in multitrack year-round schools, fewer than the number of days required in subdivision (a) of this section, as it read on January 1, 2013, for multitrack year-round schools, in the 2001-02 2013-14 fiscal year, or any fiscal year thereafter, the Superintendent of Public Instruction shall withhold from the district's revenue limit apportionment school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment, the apportionment received pursuant to subdivision (a) of this~~

1 *section, as it read on January 1, 2013, for each day less than 180,*
2 *or, in multitrack year-round schools, for each day less than the*
3 *number of days required in subdivision (a) for year-round schools*
4 *that the school district offered.*

5 ~~(d) For any school district that received an apportionment~~
6 ~~pursuant to subdivision (a) and that offered less than 180 days of~~
7 ~~instruction as required in subdivision (a) in the 1985–86 fiscal~~
8 ~~year, to either the end of the final year of the teacher bargaining~~
9 ~~unit contract in force in that district on January 1, 2002, inclusive,~~
10 ~~or, if no teacher bargaining unit contract was in force in that district~~
11 ~~on January 1, 2002, to the end of the 2001–02 fiscal year, inclusive,~~
12 ~~and that provided the minimum number of instructional minutes~~
13 ~~in subdivision (a) of Section 46201 during all of the period~~
14 ~~applicable to the district pursuant to this subdivision, subdivision~~
15 ~~(e) shall not apply until the first fiscal year following the end of~~
16 ~~the applicable period of years.~~

17 *SEC. 66. Section 46201 of the Education Code is amended to*
18 *read:*

19 ~~46201. (a) In each of the 1984–85, 1985–86, and 1986–87~~
20 ~~fiscal years, for each school district that certifies to the~~
21 ~~Superintendent of Public Instruction that it offers at least the~~
22 ~~amount of instructional time specified in this subdivision at a grade~~
23 ~~level or levels, the Superintendent of Public Instruction shall~~
24 ~~determine an amount equal to twenty dollars (\$20) per unit of~~
25 ~~current year second principal apportionment regular average daily~~
26 ~~attendance in kindergarten and grades 1 to 8, inclusive, and forty~~
27 ~~dollars (\$40) per unit of current year second principal~~
28 ~~apportionment regular average daily attendance in grades 9 to 12,~~
29 ~~inclusive. This section shall not apply to adult average daily~~
30 ~~attendance, the average daily attendance for pupils attending~~
31 ~~summer schools, alternative schools, regional occupational centers~~
32 ~~and programs, continuation high schools, or opportunity schools,~~
33 ~~and the attendance of pupils while participating in community~~
34 ~~college or independent study programs.~~

35 ~~(1) In the 1984–85 fiscal year, for kindergarten and each of~~
36 ~~grades 1 to 12, inclusive, the sum of subparagraphs (A) and (B):~~

37 ~~(A) The number of instructional minutes offered at that grade~~
38 ~~level in the 1982–83 fiscal year.~~

39 ~~(B) One-third of the difference between the number of minutes~~
40 ~~specified for that grade level in paragraph (3) and the number of~~

1 instructional minutes offered at that grade level in the 1982–83
2 fiscal year.

3 (2) In the 1985–86 fiscal year, for kindergarten and each of
4 grades 1 to 12, inclusive, the sum of subparagraphs (A) and (B):

5 (A) The number of instructional minutes offered at that grade
6 level in the 1982–83 fiscal year.

7 (B) Two-thirds of the difference between the number of minutes
8 specified for that grade level in paragraph (3) and the number of
9 instructional minutes offered at that grade level in the 1982–83
10 fiscal year.

11 (3) In the 1986–87 fiscal year:

12 (A) Thirty-six thousand minutes in kindergarten.

13 (B) Fifty thousand four hundred minutes in grades 1 to 3,
14 inclusive.

15 (C) Fifty-four thousand minutes in grades 4 to 8, inclusive.

16 (D) Sixty-four thousand eight hundred minutes in grades 9 to
17 12, inclusive.

18 (4) In any fiscal year, each school district that receives an
19 apportionment pursuant to subdivision (a) for average daily
20 attendance in grades 9 to 12, inclusive, shall offer a program of
21 instruction that allows each student to receive at least 24 course
22 years of instruction, or the equivalent, during grades 9 to 12,
23 inclusive.

24 (5) For any schoolsite at which programs are operated in more
25 than one of the grade levels enumerated in subparagraph (B) or
26 (C) of paragraph (3), the school district may calculate a weighted
27 average of minutes for those grade levels at that schoolsite for
28 purposes of making the certification authorized by this subdivision.

29 (b) (1) If any of the amounts of instructional time specified in
30 paragraph (3) of subdivision (a) is a lesser number of minutes for
31 that grade level than actually provided by the district in the same
32 grade in the 1982–83 fiscal year, the 1982–83 fiscal year number
33 of minutes for that grade level, adjusted to comply with Section
34 46111, shall instead be the requirement for the purposes of
35 paragraphs (1), (2), and (3) of subdivision (a). Commencing with
36 the 1990–91 fiscal year, and each fiscal year through the 1995–96
37 fiscal year, any school district subject to this subdivision that does
38 not maintain the number of instructional minutes for a particular
39 grade level that the school district maintained for the 1982–83
40 fiscal year, adjusted to comply with Section 46111, shall not be

1 subject to paragraphs (1) to (3), inclusive, of subdivision (c) if that
2 school district maintains at least the minimum number of
3 instructional minutes for each grade level set forth in paragraph
4 (3) of subdivision (a) in the 1990–91 fiscal year and each fiscal
5 year through the 1994–95 fiscal year or the 1995–96 fiscal year
6 for districts whose instructional minutes were adjusted to comply
7 with Section 46111, and thereafter returns to the number of
8 instructional minutes maintained for each grade level in the
9 1982–83 fiscal year.

10 (2) The Legislature finds and declares that the school districts
11 to which paragraph (1) is applicable have not offered any less
12 instructional time than is required of all other school districts and
13 therefore should not be forced to pay any penalty.

14 (c) (1) For any school district that receives an apportionment
15 pursuant to subdivision (a) in the 1984–85 fiscal year and that
16 reduces the amount of instructional time offered below the
17 minimum amounts specified in paragraph (1) of subdivision (a)
18 in the 1985–86 fiscal year or any fiscal year thereafter, up to and
19 including the 2000–01 fiscal year, the Superintendent of Public
20 Instruction shall reduce the base revenue limit per unit of average
21 daily attendance for the fiscal year in which the reduction occurs
22 by an amount attributable to the increase in the 1985–86 fiscal
23 year base revenue limit per unit of average daily attendance
24 pursuant to paragraph (4) of subdivision (b) of Section 42238, as
25 adjusted in the 1985–86 fiscal year and fiscal years thereafter.

26 (2) For each school district that receives an apportionment
27 pursuant to subdivision (a) in the 1985–86 fiscal year and that
28 reduces the amount of instructional time offered below the
29 minimum amounts specified in paragraph (2) of subdivision (a)
30 in the 1986–87 fiscal year or any fiscal year thereafter, up to and
31 including the 2000–01 fiscal year, the Superintendent of Public
32 Instruction shall reduce the base revenue limit per unit of average
33 daily attendance for the fiscal year in which the reduction occurs
34 by an amount attributable to the increase in the 1986–87 fiscal
35 year base revenue limit per unit of average daily attendance
36 pursuant to paragraph (4) of subdivision (b) of Section 42238, as
37 adjusted in the 1986–87 fiscal year and fiscal years thereafter.

38 (3) For each school district that receives an apportionment
39 pursuant to subdivision (a) in the 1986–87 fiscal year and that
40 reduces the amount of instructional time offered below the

~~minimum amounts specified in paragraph (3) of subdivision (a) in the 1987–88 fiscal year or any fiscal year thereafter, up to and including the 2000–01 fiscal year, the Superintendent of Public Instruction shall reduce the base revenue limit per unit of average daily attendance for the fiscal year in which the reduction occurs by an amount attributable to the increase in the 1987–88 fiscal year base revenue limit per unit of average daily attendance pursuant to paragraph (4) of subdivision (b) of Section 42238, as adjusted in the 1987–88 fiscal year and fiscal years thereafter.~~

(d)

46201. (a) For each school district that ~~receives~~ *received* an apportionment pursuant to subdivision (a) ~~in the 1986–87 fiscal year of this section, as it read on January 1, 2013,~~ and that reduces the amount of instructional time offered below the minimum amounts specified in ~~either paragraph (3) of subdivision (a) or paragraph (1) of subdivision (b), whichever is applicable, in the 2001–02 fiscal year, or any fiscal year thereafter,~~ the Superintendent of Public Instruction shall withhold from the ~~district's revenue limit apportionment~~ *school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03,* for the average daily attendance of each affected grade level, the sum of ~~that apportionment~~ *the apportionment received pursuant to subdivision (a) of this section, as it read on January 1, 2013,* multiplied by the percentage of the minimum offered minutes at that grade level that the *school* district failed to offer.

(b) Commencing with the 2013–14 fiscal year:

(1) Thirty-six thousand minutes in kindergarten.

(2) Fifty thousand four hundred minutes in grades 1 to 3, inclusive.

(3) Fifty-four thousand minutes in grades 4 to 8, inclusive.

(4) Sixty-four thousand eight hundred minutes in grades 9 to 12, inclusive.

SEC. 67. Section 46201.2 of the Education Code is amended to read:

46201.2. (a) Commencing with the 2009–10 school year and continuing through the ~~2014–15~~ *2012–13* school year, a school district, county office of education, or charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties

1 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,
2 46202, and 47612.5, *as those sections read on January 1, 2013*.
3 A school district, county office of education, or charter school
4 shall receive revenue limit funding based on the adjustments
5 prescribed pursuant to Section 42238.146, *as it read on January*
6 *1, 2013*, whether or not it reduces the number of schooldays or
7 instructional minutes.

8 *(b) For the 2013–14 and 2014–15 school years, a school district,*
9 *county office of education, or charter school may reduce the*
10 *equivalent of up to five days of instruction or the equivalent number*
11 *of instructional minutes without incurring the penalties set forth*
12 *in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and*
13 *47612.5.*

14 ~~(b)~~

15 *(c) This section shall become inoperative on July 1, 2015, and,*
16 *as of January 1, 2016, is repealed, unless a later enacted statute,*
17 *that becomes operative on or before January 1, 2016, deletes or*
18 *extends the dates on which it becomes inoperative and is repealed.*

19 *SEC. 68. Section 46201.3 of the Education Code is repealed.*

20 ~~46201.3.—(a) For the 2011–12 school year, the minimum~~
21 ~~number of instructional days and minutes school districts, county~~
22 ~~offices of education, and charter schools are required to offer as~~
23 ~~set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,~~
24 ~~46202, and 47612.5 shall be reduced by up to seven days.~~

25 ~~(b) Implementation of the reduction in the number of~~
26 ~~instructional days offered by a school district, county office of~~
27 ~~education, and charter school that is subject to collective bargaining~~
28 ~~pursuant to Chapter 10.7 (commencing with Section 3540) of~~
29 ~~Division 4 of Title 1 of the Government Code shall be achieved~~
30 ~~through the bargaining process, provided that the agreement has~~
31 ~~been completed and reductions implemented no later than June~~
32 ~~30, 2012.~~

33 ~~(c) The revenue limit for each school district, county office of~~
34 ~~education, and charter school determined pursuant to Article 3~~
35 ~~(commencing with Section 2550) of Chapter 12 of Part 2 of~~
36 ~~Division 1 of Title 1, Article 2 (commencing with Section 42238)~~
37 ~~of Chapter 7 of Part 24 of Division 3, and Article 2 (commencing~~
38 ~~with Section 47633) of Chapter 6 of Part 26.8 of Division 4 shall~~
39 ~~be reduced by the product of 4 percent and the fraction determined~~
40 ~~pursuant to paragraph (2).~~

1 ~~(1) Subtract the revenue forecast determined pursuant to~~
2 ~~subdivision (a) of Section 3.94 of the Budget Act of 2011 from~~
3 ~~eighty-six billion four hundred fifty-two million five hundred~~
4 ~~thousand dollars (\$86,452,500,000).~~

5 ~~(2) Divide the lesser of two billion dollars (\$2,000,000,000) or~~
6 ~~the amount calculated in paragraph (1) by two billion dollars~~
7 ~~(\$2,000,000,000).~~

8 ~~(d) This section does not affect the number of instructional days~~
9 ~~or instructional minutes that may be reduced pursuant to Section~~
10 ~~46201.2.~~

11 ~~(e) The revenue limit reductions authorized by this section,~~
12 ~~when combined with the reductions applied under subdivision (c)~~
13 ~~of Section 3.94 of the Budget Act of 2011, may not be applied so~~
14 ~~as to reduce school funding below the requirements of Section 8~~
15 ~~of Article XVI of the California Constitution based on the~~
16 ~~applicable revenues estimated by the Department of Finance~~
17 ~~pursuant to Section 3.94 of the Budget Act of 2011.~~

18 ~~(f) This section shall be operative on February 1, 2012, only for~~
19 ~~the 2011–12 school year and only if subdivision (e) of Section~~
20 ~~3.94 of the Budget Act of 2011 is operative.~~

21 ~~SEC. 69. Section 46202 of the Education Code is amended to~~
22 ~~read:~~

23 ~~46202. (a) Except as otherwise provided in this section, in~~
24 ~~fiscal year 2000–01 and prior, if the governing board of a school~~
25 ~~district offers less instructional time than the amount of~~
26 ~~instructional time fixed for the 1982–83 fiscal year, the~~
27 ~~Superintendent of Public Instruction shall, in that fiscal year, reduce~~
28 ~~that district's apportionment by the average percentage increase~~
29 ~~in the base revenue limit for districts of similar type and size~~
30 ~~multiplied by the district's units of average daily attendance.~~

31 ~~(b) Except as otherwise provided in this section, in fiscal year~~
32 ~~2001–02 and any fiscal year thereafter, if~~

33 ~~46202. If a school district that does not participate in the~~
34 ~~program set forth in this article Sections 46200 to 46206, inclusive,~~
35 ~~as those sections read on January 1, 2013, offers less instructional~~
36 ~~time in a fiscal year than the amount of instructional time fixed~~
37 ~~for the 1982–83 fiscal year, the Superintendent of Public Instruction~~
38 ~~shall withhold for that fiscal year, from the district's revenue limit~~
39 ~~apportionment school district's local control funding formula grant~~
40 ~~apportionment pursuant to Section 42238.03, as implemented by~~

1 Section 42238.03, for the average daily attendance of each affected
2 grade level, the amount of that apportionment multiplied by the
3 percentage of instructional minutes fixed in the 1982–83 school
4 year, at that grade level, that the *school* district failed to offer.

5 ~~(e) The Glendora Unified School District shall reinstate the~~
6 ~~sixth period, which shall be equivalent to at least 50 minutes of~~
7 ~~instruction, effective the start of the second semester of the~~
8 ~~1983–84 fiscal year.~~

9 *SEC. 70. Section 46204 of the Education Code is repealed.*

10 ~~46204. The Superintendent of Public Instruction shall reduce~~
11 ~~the time periods specified in Sections 46200 and 46201 to the~~
12 ~~extent that the superintendent determines that insufficient funds~~
13 ~~are available to fund the per pupil amounts prescribed by those~~
14 ~~sections.~~

15 *SEC. 71. Section 46207 is added to the Education Code, to*
16 *read:*

17 *46207. (a) Notwithstanding Sections 46200 to 46205, inclusive,*
18 *upon a determination that a school district equals or exceeds its*
19 *local control funding formula target computed pursuant to Section*
20 *42238.02 as determined by the calculation of a zero difference*
21 *pursuant to paragraph (1) of subdivision (b) of Section 42238.03,*
22 *each school district, as a condition of apportionment pursuant to*
23 *Section 42238.02, as implemented pursuant to Section 42238.03,*
24 *shall, for each fiscal year, offer, at a minimum, the following*
25 *number of minutes of instruction:*

26 *(1) To pupils in kindergarten, 36,000 minutes.*

27 *(2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.*

28 *(3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.*

29 *(4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.*

30 *(b) For a school district that has met its local control funding*
31 *formula target that reduces the amount of instructional time offered*
32 *below the minimum amounts specified in subdivision (a), the*
33 *Superintendent shall withhold from the school district's local*
34 *control funding formula apportionment for the average daily*
35 *attendance of each affected grade level, the product of that*
36 *apportionment multiplied by the percentage of the minimum offered*
37 *minutes at that grade level that the school district failed to offer.*

38 *(c) Notwithstanding subdivision (a), for the 2013–14 and*
39 *2014–15 school years, a school district that equals or exceeds its*
40 *computed local control funding formula target may reduce the*

1 *equivalent of up to five days of instruction or the equivalent number*
2 *of instructional minutes without incurring the penalties set forth*
3 *in this section.*

4 SEC. 72. *Section 46208 is added to the Education Code, to*
5 *read:*

6 46208. (a) *Notwithstanding Sections 46200 to 46205, inclusive,*
7 *upon a determination that a school district equals or exceeds its*
8 *local control funding formula target computed pursuant to Section*
9 *42238.02 as determined by the calculation of a zero difference*
10 *pursuant to paragraph (1) of subdivision (b) of Section 42238.03,*
11 *each school district, as a condition of apportionment pursuant to*
12 *Section 42238.02, as implemented pursuant to Section 42238.03,*
13 *shall offer 180 days or more of instruction per school year. A*
14 *school operating a multitrack year-round school shall be deemed*
15 *to be in compliance with the 180-day requirement if it certifies to*
16 *the Superintendent that it is a multitrack year-round school and*
17 *maintains its school for a minimum of 163 schooldays.*

18 (b) *Notwithstanding subdivision (a), for the 2013–14 and*
19 *2014–15 school years, a school district that equals or exceeds its*
20 *computed local control funding formula target may reduce the*
21 *equivalent of up to five days of instruction or the equivalent number*
22 *of instructional minutes without incurring the penalties set forth*
23 *in this section.*

24 SEC. 73. *Section 47604.32 of the Education Code is amended*
25 *to read:*

26 47604.32. Each chartering authority, in addition to any other
27 duties imposed by this part, shall do all of the following with
28 respect to each charter school under its authority:

29 (a) Identify at least one staff member as a contact person for
30 the charter school.

31 (b) Visit each charter school at least annually.

32 (c) Ensure that each charter school under its authority complies
33 with all reports required of charter schools by law, *including the*
34 *annual update required pursuant to Section 47606.5.*

35 (d) Monitor the fiscal condition of each charter school under its
36 authority.

37 (e) Provide timely notification to the department if any of the
38 following circumstances occur or will occur with regard to a charter
39 school for which it is the chartering authority:

40 (1) A renewal of the charter is granted or denied.

1 (2) The charter is revoked.

2 (3) The charter school will cease operation for any reason.

3 (f) The cost of performing the duties required by this section
4 shall be funded with supervisorial oversight fees collected pursuant
5 to Section 47613.

6 *SEC. 74. Section 47604.33 of the Education Code is amended*
7 *to read:*

8 47604.33. (a) Each charter school shall annually prepare and
9 submit the following reports to its chartering authority and the
10 county superintendent of schools, or only to the county
11 superintendent of schools if the county board of education is the
12 chartering authority:

13 (1) On or before July 1, a preliminary budget. For a charter
14 school in its first year of operation, the information submitted
15 pursuant to subdivision (g) of Section 47605 satisfies this
16 requirement.

17 (2) *On or before July 1, an annual update required pursuant to*
18 *Section 47606.5.*

19 ~~(2)~~

20 (3) On or before December 15, an interim financial report. This
21 report shall reflect changes through October 31.

22 ~~(3)~~

23 (4) On or before March 15, a second interim financial report.
24 This report shall reflect changes through January 31.

25 ~~(4)~~

26 (5) On or before September 15, a final unaudited report for the
27 full prior year.

28 (b) The chartering authority shall use any financial information
29 it obtains from the charter school, including, but not limited to,
30 the reports required by this section, to assess the fiscal condition
31 of the charter school pursuant to subdivision (d) of Section
32 47604.32.

33 (c) The cost of performing the duties required by this section
34 shall be funded with supervisorial oversight fees collected pursuant
35 to Section 47613.

36 *SEC. 75. Section 47604.5 of the Education Code is amended*
37 *to read:*

38 47604.5. ~~The State Board of Education;~~ *state board*, whether
39 or not it is the authority that granted the charter, may, based upon
40 the recommendation of the Superintendent of Public Instruction,

1 take appropriate action, including, but not limited to, revocation
2 of the school's charter, when the ~~State Board of Education~~ *state*
3 *board* finds any of the following:

4 (a) Gross financial mismanagement that jeopardizes the financial
5 stability of the charter school.

6 (b) Illegal or substantially improper use of charter school funds
7 for the personal benefit of any officer, director, or fiduciary of the
8 charter school.

9 (c) Substantial and sustained departure from measurably
10 successful practices such that continued departure would jeopardize
11 the educational development of the school's pupils.

12 (d) *Failure to improve pupil outcomes across multiple state and*
13 *school priorities identified in the charter pursuant to subparagraph*
14 *(A) of paragraph (5) of subdivision (b) of Section 47605 or*
15 *subparagraph (A) of paragraph (5) of subdivision (d) of Section*
16 *47605.6.*

17 SEC. 76. *Section 47605 of the Education Code is amended to*
18 *read:*

19 47605. (a) (1) Except as set forth in paragraph (2), a petition
20 for the establishment of a charter school within a school district
21 may be circulated by one or more persons seeking to establish the
22 charter school. A petition for the establishment of a charter school
23 shall identify a single charter school that will operate within the
24 geographic boundaries of that school district. A charter school
25 may propose to operate at multiple sites within the school district,
26 as long as each location is identified in the charter school petition.
27 The petition may be submitted to the governing board of the school
28 district for review after either of the following conditions is met:

29 (A) The petition is signed by a number of parents or legal
30 guardians of pupils that is equivalent to at least one-half of the
31 number of pupils that the charter school estimates will enroll in
32 the school for its first year of operation.

33 (B) The petition is signed by a number of teachers that is
34 equivalent to at least one-half of the number of teachers that the
35 charter school estimates will be employed at the school during its
36 first year of operation.

37 (2) A petition that proposes to convert an existing public school
38 to a charter school that would not be eligible for a loan pursuant
39 to subdivision (b) of Section 41365 may be circulated by one or
40 more persons seeking to establish the charter school. The petition

1 may be submitted to the governing board of the school district for
2 review after the petition is signed by not less than 50 percent of
3 the permanent status teachers currently employed at the public
4 school to be converted.

5 (3) A petition shall include a prominent statement that a
6 signature on the petition means that the parent or legal guardian
7 is meaningfully interested in having his or her child or ward attend
8 the charter school, or in the case of a teacher's signature, means
9 that the teacher is meaningfully interested in teaching at the charter
10 school. The proposed charter shall be attached to the petition.

11 (4) After receiving approval of its petition, a charter school that
12 proposes to establish operations at one or more additional sites
13 shall request a material revision to its charter and shall notify the
14 authority that granted its charter of those additional locations. The
15 authority that granted its charter shall consider whether to approve
16 those additional locations at an open, public meeting. If the
17 additional locations are approved, they shall be a material revision
18 to the charter school's charter.

19 (5) A charter school that is unable to locate within the
20 jurisdiction of the chartering school district may establish one site
21 outside the boundaries of the school district, but within the county
22 in which that school district is located, if the school district within
23 the jurisdiction of which the charter school proposes to operate is
24 notified in advance of the charter petition approval, the county
25 superintendent of schools and the Superintendent are notified of
26 the location of the charter school before it commences operations,
27 and either of the following circumstances exists:

28 (A) The school has attempted to locate a single site or facility
29 to house the entire program, but a site or facility is unavailable in
30 the area in which the school chooses to locate.

31 (B) The site is needed for temporary use during a construction
32 or expansion project.

33 (6) Commencing January 1, 2003, a petition to establish a charter
34 school may not be approved to serve pupils in a grade level that
35 is not served by the school district of the governing board
36 considering the petition, unless the petition proposes to serve pupils
37 in all of the grade levels served by that school district.

38 (b) No later than 30 days after receiving a petition, in accordance
39 with subdivision (a), the governing board of the school district
40 shall hold a public hearing on the provisions of the charter, at

which time the governing board of the school district shall consider the level of support for the petition by teachers employed by the district, other employees of the district, and parents. Following review of the petition and the public hearing, the governing board of the school district shall either grant or deny the charter within 60 days of receipt of the petition, provided, however, that the date may be extended by an additional 30 days if both parties agree to the extension. In reviewing petitions for the establishment of charter schools pursuant to this section, the chartering authority shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged. The governing board of the school district shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice. The governing board of the school district shall not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

(3) The petition does not contain the number of signatures required by subdivision (a).

(4) The petition does not contain an affirmation of each of the conditions described in subdivision (d).

(5) The petition does not contain reasonably comprehensive descriptions of all of the following:

(A) (i) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an “educated person” in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.

(ii) *A description, for the charter school, of annual goals, for all pupils and for each subgroup of pupils identified pursuant to Section 52052, to be achieved in the state priorities, as described in subdivision (d) of Section 52060, that apply for the grade levels*

1 *served, or the nature of the program operated, by the charter*
2 *school, and specific annual actions to achieve those goals. A*
3 *charter petition may identify additional school priorities, the goals*
4 *for the school priorities, and the specific annual actions to achieve*
5 *those goals.*

6 ~~(ii)~~

7 (iii) If the proposed school will serve high school pupils, a
8 description of the manner in which the charter school will inform
9 parents about the transferability of courses to other public high
10 schools and the eligibility of courses to meet college entrance
11 requirements. Courses offered by the charter school that are
12 accredited by the Western Association of Schools and Colleges
13 may be considered transferable and courses approved by the
14 University of California or the California State University as
15 creditable under the “A” to “G” admissions criteria may be
16 considered to meet college entrance requirements.

17 (B) The measurable pupil outcomes identified for use by the
18 charter school. “Pupil outcomes,” for purposes of this part, means
19 the extent to which all pupils of the school demonstrate that they
20 have attained the skills, knowledge, and attitudes specified as goals
21 in the school’s educational program. Pupil outcomes shall include
22 outcomes that address increases in pupil academic achievement
23 both schoolwide and for all groups of pupils served by the charter
24 school, as that term is defined in subparagraph (B) of paragraph
25 (3) of subdivision (a) of Section 47607. *The pupil outcomes shall*
26 *align with the state priorities, as described in subdivision (d) of*
27 *Section 52060, that apply for the grade levels served, or the nature*
28 *of the program operated, by the charter school.*

29 (C) The method by which pupil progress in meeting those pupil
30 outcomes is to be measured. *To the extent practicable, the method*
31 *for measuring pupil outcomes for state priorities shall be consistent*
32 *with the way information is reported on a school accountability*
33 *report card.*

34 (D) The governance structure of the school, including, but not
35 limited to, the process to be followed by the school to ensure
36 parental involvement.

37 (E) The qualifications to be met by individuals to be employed
38 by the school.

39 (F) The procedures that the school will follow to ensure the
40 health and safety of pupils and staff. These procedures shall include

1 the requirement that each employee of the school furnish the school
2 with a criminal record summary as described in Section 44237.

3 (G) The means by which the school will achieve a racial and
4 ethnic balance among its pupils that is reflective of the general
5 population residing within the territorial jurisdiction of the school
6 district to which the charter petition is submitted.

7 (H) Admission requirements, if applicable.

8 (I) The manner in which annual, independent financial audits
9 shall be conducted, which shall employ generally accepted
10 accounting principles, and the manner in which audit exceptions
11 and deficiencies shall be resolved to the satisfaction of the
12 chartering authority.

13 (J) The procedures by which pupils can be suspended or
14 expelled.

15 (K) The manner by which staff members of the charter schools
16 will be covered by the State Teachers' Retirement System, the
17 Public Employees' Retirement System, or federal social security.

18 (L) The public school attendance alternatives for pupils residing
19 within the school district who choose not to attend charter schools.

20 (M) A description of the rights of any employee of the school
21 district upon leaving the employment of the school district to work
22 in a charter school, and of any rights of return to the school district
23 after employment at a charter school.

24 (N) The procedures to be followed by the charter school and
25 the entity granting the charter to resolve disputes relating to
26 provisions of the charter.

27 (O) A declaration whether or not the charter school shall be
28 deemed the exclusive public school employer of the employees of
29 the charter school for purposes of Chapter 10.7 (commencing with
30 Section 3540) of Division 4 of Title 1 of the Government Code.

31 (P) A description of the procedures to be used if the charter
32 school closes. The procedures shall ensure a final audit of the
33 school to determine the disposition of all assets and liabilities of
34 the charter school, including plans for disposing of any net assets
35 and for the maintenance and transfer of pupil records.

36 (c) (1) Charter schools shall meet all statewide standards and
37 conduct the pupil assessments required pursuant to Sections 60605
38 and 60851 and any other statewide standards authorized in statute
39 or pupil assessments applicable to pupils in noncharter public
40 schools.

1 (2) Charter schools shall, on a regular basis, consult with their
2 parents, legal guardians, and teachers regarding the school's
3 educational programs.

4 (d) (1) In addition to any other requirement imposed under this
5 part, a charter school shall be nonsectarian in its programs,
6 admission policies, employment practices, and all other operations,
7 shall not charge tuition, and shall not discriminate against any
8 pupil on the basis of the characteristics listed in Section 220. Except
9 as provided in paragraph (2), admission to a charter school shall
10 not be determined according to the place of residence of the pupil,
11 or of his or her parent or legal guardian, within this state, except
12 that an existing public school converting partially or entirely to a
13 charter school under this part shall adopt and maintain a policy
14 giving admission preference to pupils who reside within the former
15 attendance area of that public school.

16 (2) (A) A charter school shall admit all pupils who wish to
17 attend the school.

18 (B) If the number of pupils who wish to attend the charter school
19 exceeds the school's capacity, attendance, except for existing pupils
20 of the charter school, shall be determined by a public random
21 drawing. Preference shall be extended to pupils currently attending
22 the charter school and pupils who reside in the district except as
23 provided for in Section 47614.5. Other preferences may be
24 permitted by the chartering authority on an individual school basis
25 and only if consistent with the law.

26 (C) In the event of a drawing, the chartering authority shall
27 make reasonable efforts to accommodate the growth of the charter
28 school and in no event shall take any action to impede the charter
29 school from expanding enrollment to meet pupil demand.

30 (3) If a pupil is expelled or leaves the charter school without
31 graduating or completing the school year for any reason, the charter
32 school shall notify the superintendent of the school district of the
33 pupil's last known address within 30 days, and shall, upon request,
34 provide that school district with a copy of the cumulative record
35 of the pupil, including a transcript of grades or report card, and
36 health information. This paragraph applies only to pupils subject
37 to compulsory full-time education pursuant to Section 48200.

38 (e) The governing board of a school district shall not require
39 any employee of the school district to be employed in a charter
40 school.

1 (f) The governing board of a school district shall not require
2 any pupil enrolled in the school district to attend a charter school.

3 (g) The governing board of a school district shall require that
4 the petitioner or petitioners provide information regarding the
5 proposed operation and potential effects of the school, including,
6 but not limited to, the facilities to be used by the school, the manner
7 in which administrative services of the school are to be provided,
8 and potential civil liability effects, if any, upon the school and
9 upon the school district. The description of the facilities to be used
10 by the charter school shall specify where the school intends to
11 locate. The petitioner or petitioners shall also be required to provide
12 financial statements that include a proposed first-year operational
13 budget, including startup costs, and cashflow and financial
14 projections for the first three years of operation.

15 (h) In reviewing petitions for the establishment of charter
16 schools within the school district, the governing board of the school
17 district shall give preference to petitions that demonstrate the
18 capability to provide comprehensive learning experiences to pupils
19 identified by the petitioner or petitioners as academically low
20 achieving pursuant to the standards established by the department
21 under Section 54032, as it read before July 19, 2006.

22 (i) Upon the approval of the petition by the governing board of
23 the school district, the petitioner or petitioners shall provide written
24 notice of that approval, including a copy of the petition, to the
25 applicable county superintendent of schools, the department, and
26 the state board.

27 (j) (1) If the governing board of a school district denies a
28 petition, the petitioner may elect to submit the petition for the
29 establishment of a charter school to the county board of education.
30 The county board of education shall review the petition pursuant
31 to subdivision (b). If the petitioner elects to submit a petition for
32 establishment of a charter school to the county board of education
33 and the county board of education denies the petition, the petitioner
34 may file a petition for establishment of a charter school with the
35 state board, and the state board may approve the petition, in
36 accordance with subdivision (b). A charter school that receives
37 approval of its petition from a county board of education or from
38 the state board on appeal shall be subject to the same requirements
39 concerning geographic location to which it would otherwise be
40 subject if it received approval from the entity to which it originally

1 submitted its petition. A charter petition that is submitted to either
2 a county board of education or to the state board shall meet all
3 otherwise applicable petition requirements, including the
4 identification of the proposed site or sites where the charter school
5 will operate.

6 (2) In assuming its role as a chartering agency, the state board
7 shall develop criteria to be used for the review and approval of
8 charter school petitions presented to the state board. The criteria
9 shall address all elements required for charter approval, as
10 identified in subdivision (b) and shall define “reasonably
11 comprehensive” as used in paragraph (5) of subdivision (b) in a
12 way that is consistent with the intent of this part. Upon satisfactory
13 completion of the criteria, the state board shall adopt the criteria
14 on or before June 30, 2001.

15 (3) A charter school for which a charter is granted by either the
16 county board of education or the state board based on an appeal
17 pursuant to this subdivision shall qualify fully as a charter school
18 for all funding and other purposes of this part.

19 (4) If either the county board of education or the state board
20 fails to act on a petition within 120 days of receipt, the decision
21 of the governing board of the school district to deny a petition
22 shall, thereafter, be subject to judicial review.

23 (5) The state board shall adopt regulations implementing this
24 subdivision.

25 (6) Upon the approval of the petition by the county board of
26 education, the petitioner or petitioners shall provide written notice
27 of that approval, including a copy of the petition to the department
28 and the state board.

29 (k) (1) The state board may, by mutual agreement, designate
30 its supervisorial and oversight responsibilities for a charter school
31 approved by the state board to any local educational agency in the
32 county in which the charter school is located or to the governing
33 board of the school district that first denied the petition.

34 (2) The designated local educational agency shall have all
35 monitoring and supervising authority of a chartering agency,
36 including, but not limited to, powers and duties set forth in Section
37 47607, except the power of revocation, which shall remain with
38 the state board.

39 (3) A charter school that is granted its charter through an appeal
40 to the state board and elects to seek renewal of its charter shall,

1 before expiration of the charter, submit its petition for renewal to
2 the governing board of the school district that initially denied the
3 charter. If the governing board of the school district denies the
4 school's petition for renewal, the school may petition the state
5 board for renewal of its charter.

6 (l) Teachers in charter schools shall hold a Commission on
7 Teacher Credentialing certificate, permit, or other document
8 equivalent to that which a teacher in other public schools would
9 be required to hold. These documents shall be maintained on file
10 at the charter school and are subject to periodic inspection by the
11 chartering authority. It is the intent of the Legislature that charter
12 schools be given flexibility with regard to noncore, noncollege
13 preparatory courses.

14 (m) A charter school shall transmit a copy of its annual,
15 independent financial audit report for the preceding fiscal year, as
16 described in subparagraph (I) of paragraph (5) of subdivision (b),
17 to its chartering entity, the Controller, the county superintendent
18 of schools of the county in which the charter school is sited, unless
19 the county board of education of the county in which the charter
20 school is sited is the chartering entity, and the department by
21 December 15 of each year. This subdivision does not apply if the
22 audit of the charter school is encompassed in the audit of the
23 chartering entity pursuant to Section 41020.

24 *SEC. 77. Section 47605.6 of the Education Code is amended*
25 *to read:*

26 47605.6. (a) (1) In addition to the authority provided by
27 Section 47605.5, a county board of education may also approve a
28 petition for the operation of a charter school that operates at one
29 or more sites within the geographic boundaries of the county and
30 that provides instructional services that are not generally provided
31 by a county office of education. A county board of education may
32 approve a countywide charter only if it finds, in addition to the
33 other requirements of this section, that the educational services to
34 be provided by the charter school will offer services to a pupil
35 population that will benefit from those services and that cannot be
36 served as well by a charter school that operates in only one school
37 district in the county. A petition for the establishment of a
38 countywide charter school pursuant to this subdivision may be
39 circulated throughout the county by any one or more persons
40 seeking to establish the charter school. The petition may be

1 submitted to the county board of education for review after either
2 of the following conditions is met:

3 (A) The petition is signed by a number of parents or guardians
4 of pupils residing within the county that is equivalent to at least
5 one-half of the number of pupils that the charter school estimates
6 will enroll in the school for its first year of operation and each of
7 the school districts where the charter school petitioner proposes
8 to operate a facility has received at least 30 days' notice of the
9 petitioner's intent to operate a school pursuant to this section.

10 (B) The petition is signed by a number of teachers that is
11 equivalent to at least one-half of the number of teachers that the
12 charter school estimates will be employed at the school during its
13 first year of operation and each of the school districts where the
14 charter school petitioner proposes to operate a facility has received
15 at least 30 days' notice of the petitioner's intent to operate a school
16 pursuant to this section.

17 (2) An existing public school may not be converted to a charter
18 school in accordance with this section.

19 (3) After receiving approval of its petition, a charter school that
20 proposes to establish operations at additional sites within the
21 geographic boundaries of the county board of education shall notify
22 the school districts where those sites will be located. The charter
23 school shall also request a material revision of its charter by the
24 county board of education that approved its charter and the county
25 board of education shall consider whether to approve those
26 additional locations at an open, public meeting, held no sooner
27 than 30 days following notification of the school districts where
28 the sites will be located. If approved, the location of the approved
29 sites shall be a material revision of the school's approved charter.

30 (4) A petition shall include a prominent statement indicating
31 that a signature on the petition means that the parent or guardian
32 is meaningfully interested in having his or her child or ward attend
33 the charter school, or in the case of a teacher's signature, means
34 that the teacher is meaningfully interested in teaching at the charter
35 school. The proposed charter shall be attached to the petition.

36 (b) No later than 60 days after receiving a petition, in accordance
37 with subdivision (a), the county board of education shall hold a
38 public hearing on the provisions of the charter, at which time the
39 county board of education shall consider the level of support for
40 the petition by teachers, parents or guardians, and the school

1 districts where the charter school petitioner proposes to place
2 school facilities. Following review of the petition and the public
3 hearing, the county board of education shall either grant or deny
4 the charter within 90 days of receipt of the petition. However, this
5 date may be extended by an additional 30 days if both parties agree
6 to the extension. A county board of education may impose any
7 additional requirements beyond those required by this section that
8 it considers necessary for the sound operation of a countywide
9 charter school. A county board of education may grant a charter
10 for the operation of a school under this part only if the board is
11 satisfied that granting the charter is consistent with sound
12 educational practice and that the charter school has reasonable
13 justification for why it could not be established by petition to a
14 school district pursuant to Section 47605. The county board of
15 education shall deny a petition for the establishment of a charter
16 school if the board finds one or more of the following:

17 (1) The charter school presents an unsound educational program
18 for the pupils to be enrolled in the charter school.

19 (2) The petitioners are demonstrably unlikely to successfully
20 implement the program set forth in the petition.

21 (3) The petition does not contain the number of signatures
22 required by subdivision (a).

23 (4) The petition does not contain an affirmation of each of the
24 conditions described in subdivision (d).

25 (5) The petition does not contain reasonably comprehensive
26 descriptions of all of the following:

27 (A) (i) A description of the educational program of the school,
28 designed, among other things, to identify those pupils whom the
29 school is attempting to educate, what it means to be an “educated
30 person” in the 21st century, and how learning best occurs. The
31 goals identified in that program shall include the objective of
32 enabling pupils to become self-motivated, competent, and lifelong
33 learners.

34 (ii) *A description, for the charter school, of annual goals, for*
35 *all pupils and for each subgroup of pupils identified pursuant to*
36 *Section 52052, to be achieved in the state priorities, as described*
37 *in subdivision (d) of Section 52060, that apply for the grade levels*
38 *served, or the nature of the program operated, by the charter*
39 *school, and specific annual actions to achieve those goals. A*
40 *charter petition may identify additional school priorities, the goals*

1 *for the school priorities, and the specific annual actions to achieve*
2 *those goals.*

3 ~~(ii)~~

4 *(iii)* If the proposed charter school will enroll high school pupils,
5 a description of the manner in which the charter school will inform
6 parents regarding the transferability of courses to other public high
7 schools. Courses offered by the charter school that are accredited
8 by the Western Association of Schools and Colleges may be
9 considered to be transferable to other public high schools.

10 ~~(iii)~~

11 *(iv)* If the proposed charter school will enroll high school pupils,
12 information as to the manner in which the charter school will
13 inform parents as to whether each individual course offered by the
14 charter school meets college entrance requirements. Courses
15 approved by the University of California or the California State
16 University as satisfying their prerequisites for admission may be
17 considered as meeting college entrance requirements for purposes
18 of this clause.

19 (B) The measurable pupil outcomes identified for use by the
20 charter school. “Pupil outcomes,” for purposes of this part, means
21 the extent to which all pupils of the school demonstrate that they
22 have attained the skills, knowledge, and aptitudes specified as
23 goals in the school’s educational program. Pupil outcomes shall
24 include outcomes that address increases in pupil academic
25 achievement both schoolwide and for all groups of pupils served
26 by the charter school, as that term is defined in subparagraph (B)
27 of paragraph (3) of subdivision (a) of Section 47607. *The pupil*
28 *outcomes shall align with the state priorities, as described in*
29 *subdivision (d) of Section 52060, that apply for the grade levels*
30 *served, or the nature of the program operated, by the charter*
31 *school.*

32 (C) The method by which pupil progress in meeting those pupil
33 outcomes is to be measured. *To the extent practicable, the method*
34 *for measuring pupil outcomes for state priorities shall be consistent*
35 *with the way information is reported on a school accountability*
36 *report card.*

37 (D) The location of each charter school facility that the petitioner
38 proposes to operate.

1 (E) The governance structure of the school, including, but not
2 limited to, the process to be followed by the school to ensure
3 parental involvement.

4 (F) The qualifications to be met by individuals to be employed
5 by the school.

6 (G) The procedures that the school will follow to ensure the
7 health and safety of pupils and staff. These procedures shall include
8 the requirement that each employee of the school furnish the school
9 with a criminal record summary as described in Section 44237.

10 (H) The means by which the school will achieve a racial and
11 ethnic balance among its pupils that is reflective of the general
12 population residing within the territorial jurisdiction of the school
13 district to which the charter petition is submitted.

14 (I) The manner in which annual, independent, financial audits
15 shall be conducted, in accordance with regulations established by
16 the state board, and the manner in which audit exceptions and
17 deficiencies shall be resolved.

18 (J) The procedures by which pupils can be suspended or
19 expelled.

20 (K) The manner by which staff members of the charter schools
21 will be covered by the State Teachers' Retirement System, the
22 Public Employees' Retirement System, or federal social security.

23 (L) The procedures to be followed by the charter school and the
24 county board of education to resolve disputes relating to provisions
25 of the charter.

26 (M) A declaration whether or not the charter school shall be
27 deemed the exclusive public school employer of the employees of
28 the charter school for purposes of the Educational Employment
29 Relations Act (Chapter 10.7 (commencing with Section 3540) of
30 Division 4 of Title 1 of the Government Code).

31 (N) Admission requirements of the charter school, if applicable.

32 (O) The public school attendance alternatives for pupils residing
33 within the county who choose not to attend the charter school.

34 (P) A description of the rights of an employee of the county
35 office of education, upon leaving the employment of the county
36 office of education, to be employed by the charter school, and a
37 description of any rights of return to the county office of education
38 that an employee may have upon leaving the employ of the charter
39 school.

1 (Q) A description of the procedures to be used if the charter
2 school closes. The procedures shall ensure a final audit of the
3 school to determine the disposition of all assets and liabilities of
4 the charter school, including plans for disposing of any net assets
5 and for the maintenance and transfer of public records.

6 (6) Any other basis that the county board of education finds
7 justifies the denial of the petition.

8 (c) A county board of education that approves a petition for the
9 operation of a countywide charter may, as a condition of charter
10 approval, enter into an agreement with a third party, at the expense
11 of the charter school, to oversee, monitor, and report to the county
12 board of education on the operations of the charter school. The
13 county board of education may prescribe the aspects of the charter
14 school's operations to be monitored by the third party and may
15 prescribe appropriate requirements regarding the reporting of
16 information concerning the operations of the charter school to the
17 county board of education.

18 (d) (1) Charter schools shall meet all statewide standards and
19 conduct the pupil assessments required pursuant to Section 60605
20 and any other statewide standards authorized in statute or pupil
21 assessments applicable to pupils in noncharter public schools.

22 (2) Charter schools shall on a regular basis consult with their
23 parents and teachers regarding the school's educational programs.

24 (e) (1) In addition to any other requirement imposed under this
25 part, a charter school shall be nonsectarian in its programs,
26 admission policies, employment practices, and all other operations,
27 shall not charge tuition, and shall not discriminate against any
28 pupil on the basis of ethnicity, national origin, gender, gender
29 identity, gender expression, or disability. Except as provided in
30 paragraph (2), admission to a charter school shall not be determined
31 according to the place of residence of the pupil, or of his or her
32 parent or guardian, within this state.

33 (2) (A) A charter school shall admit all pupils who wish to
34 attend the school.

35 (B) If the number of pupils who wish to attend the charter school
36 exceeds the school's capacity, attendance, except for existing pupils
37 of the charter school, shall be determined by a public random
38 drawing. Preference shall be extended to pupils currently attending
39 the charter school and pupils who reside in the county except as
40 provided for in Section 47614.5. Other preferences may be

1 permitted by the chartering authority on an individual school basis
2 and only if consistent with the law.

3 (C) In the event of a drawing, the county board of education
4 shall make reasonable efforts to accommodate the growth of the
5 charter school and in no event shall take any action to impede the
6 charter school from expanding enrollment to meet pupil demand.

7 (f) The county board of education shall not require any employee
8 of the county or a school district to be employed in a charter school.

9 (g) The county board of education shall not require any pupil
10 enrolled in a county program to attend a charter school.

11 (h) The county board of education shall require that the
12 petitioner or petitioners provide information regarding the proposed
13 operation and potential effects of the school, including, but not
14 limited to, the facilities to be used by the school, the manner in
15 which administrative services of the school are to be provided,
16 and potential civil liability effects, if any, upon the school, any
17 school district where the charter school may operate, and upon the
18 county board of education. The petitioner or petitioners shall also
19 be required to provide financial statements that include a proposed
20 first-year operational budget, including startup costs, and cashflow
21 and financial projections for the first three years of operation.

22 (i) In reviewing petitions for the establishment of charter schools
23 within the county, the county board of education shall give
24 preference to petitions that demonstrate the capability to provide
25 comprehensive learning experiences to pupils identified by the
26 petitioner or petitioners as academically low achieving pursuant
27 to the standards established by the department under Section 54032,
28 as it read before July 19, 2006.

29 (j) Upon the approval of the petition by the county board of
30 education, the petitioner or petitioners shall provide written notice
31 of that approval, including a copy of the petition, to the school
32 districts within the county, the Superintendent, and to the state
33 board.

34 (k) If a county board of education denies a petition, the petitioner
35 may not elect to submit the petition for the establishment of the
36 charter school to the state board.

37 (l) Teachers in charter schools shall be required to hold a
38 Commission on Teacher Credentialing certificate, permit, or other
39 document equivalent to that which a teacher in other public schools
40 would be required to hold. These documents shall be maintained

1 on file at the charter school and shall be subject to periodic
2 inspection by the chartering authority.

3 (m) A charter school shall transmit a copy of its annual,
4 independent, financial audit report for the preceding fiscal year,
5 as described in subparagraph (I) of paragraph (5) of subdivision
6 (b), to the county office of education, the Controller, and the
7 department by December 15 of each year. This subdivision shall
8 not apply if the audit of the charter school is encompassed in the
9 audit of the chartering entity pursuant to Section 41020.

10 *SEC. 78. Section 47606.5 is added to the Education Code, to*
11 *read:*

12 *47606.5. (a) On or before July 1, 2015, and each year*
13 *thereafter, a charter school shall update the goals and annual*
14 *actions to achieve those goals identified in the charter pursuant*
15 *to subparagraph (A) of paragraph (5) of subdivision (b) of Section*
16 *47605 or subparagraph (A) of paragraph (5) of subdivision (b) of*
17 *Section 47605.6. The annual update shall be developed using the*
18 *template adopted pursuant to Section 52064 and shall include all*
19 *of the following:*

20 *(1) A review of the progress toward the goals included in the*
21 *charter, an assessment of the effectiveness of the specific actions*
22 *described in the charter toward achieving the goals, and a*
23 *description of changes to the specific actions the charter school*
24 *will make as a result of the review and assessment.*

25 *(2) A listing and description of the expenditures for the fiscal*
26 *year implementing the specific actions included in the charter as*
27 *a result of the reviews and assessment required by paragraph (1).*

28 *(b) The expenditures identified in subdivision (a) shall be*
29 *classified using the California School Accounting Manual pursuant*
30 *to Section 41010.*

31 *(c) For purposes of the review required by subdivision (a), a*
32 *governing body of a charter school may consider qualitative*
33 *information, including, but not limited to, findings that result from*
34 *school quality reviews conducted pursuant to subparagraph (J)*
35 *or paragraph (4) of subdivision (a) of Section 52052 or any other*
36 *reviews.*

37 *(d) To the extent practicable, data reported pursuant to this*
38 *section shall be reported in a manner consistent with how*
39 *information is reported on a school accountability report card.*

1 (e) *The charter school shall consult with teachers, principals,*
2 *administrators, other school personnel, parents, and pupils in*
3 *developing the annual update.*

4 SEC. 79. *Section 47607.3 is added to the Education Code, to*
5 *read:*

6 47607.3. (a) *If a charter school fails to improve outcomes for*
7 *three or more pupil subgroups identified pursuant to Section 52052,*
8 *or, if the charter school has less than three pupil subgroups, all*
9 *of the charter school's pupil subgroups, in regard to one or more*
10 *state or school priority identified in the charter pursuant to*
11 *subparagraph (A) of paragraph (5) of subdivision (b) of Section*
12 *47605 or subparagraph (A) of paragraph (5) of subdivision (b) of*
13 *Section 47605.6, in three out of four consecutive school years, all*
14 *of the following shall apply:*

15 (1) *Using an evaluation rubric adopted by the state board*
16 *pursuant to Section 52064.5, the chartering authority shall provide*
17 *technical assistance to the charter school.*

18 (2) *The Superintendent may assign, at the request of the*
19 *chartering authority and with the approval of the state board, the*
20 *California Collaborative for Educational Excellence to provide*
21 *advice and assistance to the charter school pursuant to Section*
22 *52074.*

23 (b) *A chartering authority shall consider for revocation any*
24 *charter school to which the California Collaborative for*
25 *Educational Excellence has provided advice and assistance*
26 *pursuant to subdivision (a) and about which it has made either of*
27 *the following findings, which shall be submitted to the chartering*
28 *authority:*

29 (1) *That the charter school has failed, or is unable, to implement*
30 *the recommendations of the California Collaborative for*
31 *Educational Excellence.*

32 (2) *That the inadequate performance of the charter school,*
33 *based upon an evaluation rubric adopted pursuant to Section*
34 *52064.5, is either so persistent or so acute as to require revocation*
35 *of the charter.*

36 (c) *The chartering authority shall consider increases in pupil*
37 *academic achievement for all pupil subgroups served by the charter*
38 *school as the most important factor in determining whether to*
39 *revoke the charter.*

1 (d) A chartering authority shall comply with the hearing process
2 described in subdivision (e) of Section 47607 in revoking a charter.
3 A charter school may not appeal a revocation of a charter made
4 pursuant to this section.

5 SEC. 80. Section 47612.7 of the Education Code is repealed.

6 ~~47612.7. (a) Notwithstanding Section 47612.5 or any other~~
7 ~~law, the Center for Advanced Research and Technology, operating~~
8 ~~pursuant to a joint powers agreement between the Clovis Unified~~
9 ~~School District and the Fresno Unified School District, is eligible~~
10 ~~to receive general-purpose funding, as calculated pursuant to~~
11 ~~Section 47633, for the 2005–06 and 2006–07 fiscal years for a~~
12 ~~total average daily attendance not to exceed the center’s average~~
13 ~~daily attendance as determined at the second principal~~
14 ~~apportionment for the 2005–06 and 2006–07 fiscal years;~~
15 ~~respectively, and for the 2007–08 fiscal year for a total average~~
16 ~~daily attendance not to exceed the center’s average daily attendance~~
17 ~~as determined at the second principal apportionment for the~~
18 ~~2006–07 fiscal year.~~

19 ~~(b) Commencing with the 2008–09 fiscal year, the Center for~~
20 ~~Advanced Research and Technology, as described in subdivision~~
21 ~~(a), is not eligible to receive funding pursuant to Chapter 6~~
22 ~~(commencing with Section 47630).~~

23 ~~(c) This section shall become inoperative on July 1, 2017, and,~~
24 ~~as of January 1, 2018, is repealed, unless a later enacted statute,~~
25 ~~that becomes operative on or before January 1, 2018, deletes or~~
26 ~~extends the dates on which it becomes inoperative and is repealed.~~

27 SEC. 81. Section 47613 of the Education Code is amended to
28 read:

29 47613. (a) Except as set forth in subdivision (b), a chartering
30 authority may charge for the actual costs of supervisory oversight
31 of a charter school not to exceed 1 percent of the revenue of the
32 charter school.

33 (b) A chartering authority may charge for the actual costs of
34 supervisory oversight of a charter school not to exceed 3 percent
35 of the revenue of the charter school if the charter school is able to
36 obtain substantially rent free facilities from the chartering authority.

37 (c) A local agency that is given the responsibility for
38 supervisory oversight of a charter school, pursuant to paragraph
39 (1) of subdivision (k) of Section 47605, may charge for the actual
40 costs of supervisory oversight, and administrative costs necessary

1 to secure charter school funding. A charter school that is charged
2 for costs under this subdivision may not be charged pursuant to
3 subdivision (a) or (b).

4 (d) This section does not prevent the charter school from
5 separately purchasing administrative or other services from the
6 chartering authority or any other source.

7 (e) For purposes of this section, a chartering authority means a
8 school district, county board of education, or the state board, that
9 granted the charter to the charter school.

10 (f) For purposes of this section, “revenue of the charter school”
11 means the general purpose entitlement and categorical block grant,
12 as defined in subdivisions (a) and (b) of Section 47632.

13 (g) *For purposes of this section, “costs of supervisory*
14 *oversight” includes, but is not limited to, costs incurred pursuant*
15 *to Section 47607.3.*

16 ~~(g) (1) The California Research Bureau of the California State~~
17 ~~Library shall prepare and submit to the Legislature on or before~~
18 ~~January 8, 2009, a report on the key elements and actual costs of~~
19 ~~charter school oversight. For purposes of the report, the bureau~~
20 ~~shall define fiscal and academic oversight and shall include any~~
21 ~~financial relationship between a charter school and its chartering~~
22 ~~authority that has the effect of furthering the operations of the~~
23 ~~charter school and that may provide opportunities to oversee the~~
24 ~~charter school. The report, at a minimum, shall address all of the~~
25 ~~following issues:~~

26 ~~(A) The range of annual activities that entities providing~~
27 ~~supervisory oversight of charter schools are expected to perform.~~

28 ~~(B) Staff time spent on reviewing charter petitions measured~~
29 ~~by the size of school districts and the number of charter petitions~~
30 ~~reviewed.~~

31 ~~(C) Staff time spent on oversight responsibilities measured by~~
32 ~~the size of school districts and the number of charter schools.~~

33 ~~(D) Best practices for charter school oversight measured by~~
34 ~~efficiency and effectiveness. A cost analysis of those best practices~~
35 ~~after being measured by efficiency and effectiveness.~~

36 ~~(E) Comparison of school district costs and revenues attributable~~
37 ~~to charter school oversight.~~

38 ~~(F) Administrative services provided to a charter school by a~~
39 ~~chartering authority, such as human resources, that may be useful~~

1 in the oversight of the charter school and chartering authority
2 revenues attributable to those services.

3 (G) Length of time required to review a single charter petition.

4 (H) Recommendations for structuring charter school oversight
5 and accountability in California, including an assessment of
6 whether or not the associated costs specified in subdivisions (a)
7 and (b) and subparagraph (F) are adequate to support appropriate
8 supervisorial oversight.

9 (2) In preparing its report, the California Research Bureau shall
10 consult with an advisory panel to ensure technical accuracy.

11 SEC. 82. Section 47631 of the Education Code is amended to
12 read:

13 47631. (a) Article 2 (commencing with Section 47633) and
14 Article 3 (commencing with Section 47636) may shall not apply
15 to a charter granted pursuant to Section 47605.5.

16 (b) Notwithstanding subdivision (a), a pupil attending a
17 county-sponsored charter school who is eligible to attend that
18 school solely as a result of parental request pursuant to subdivision
19 (b) of Section 1981 shall be funded pursuant to this chapter.

20 (b) A county-sponsored charter school shall receive the average
21 daily attendance rate calculated pursuant to paragraph (1) of
22 subdivision (c) of Section 2574 for enrolled pupils who are
23 identified as any of the following:

24 (1) Probation-referred pursuant to Section 300, 601, 602, or
25 654 of the Welfare and Institutions Code.

26 (2) On probation or parole and not attending a school.

27 (3) Expelled for any of the reasons specified in subdivision (a)
28 or (c) of Section 48915.

29 (c) A county-sponsored charter school shall be funded pursuant
30 to the local control funding formula pursuant to Section 42238.02,
31 as implemented by Section 42238.03, for all pupils except for pupils
32 funded pursuant to subdivision (b).

33 SEC. 83. Section 47632 of the Education Code is amended to
34 read:

35 47632. For purposes of this chapter, the following terms shall
36 be defined as follows:

37 (a) "General-purpose entitlement" means an amount computed
38 by the formula set forth in Section 47633 beginning in the
39 1999-2000 fiscal year, which is based on the statewide average
40 amounts of general-purpose funding from those state and local

1 sources identified in Section 47633 received by school districts of
2 similar type and serving similar pupil populations *local control*
3 *funding formula pursuant to Section 42238.02, as implemented by*
4 *Section 42238.03.*

5 (b) “Categorical block grant” means an amount computed by
6 the formula set forth in Section 47634 beginning in the 1999–2000
7 fiscal year, which is based on the statewide average amounts of
8 categorical aid from those sources identified in Section 47634
9 received by school districts of similar type and serving similar
10 pupil populations.

11 (e)
12 (b) “Economic impact aid-eligible pupils” means those pupils
13 that are included in the economic impact aid-eligible pupil count
14 pursuant to Section 54023. For purposes of applying Section 54023
15 to charter schools, “economically disadvantaged pupils” means
16 the pupils described in paragraph (2) of subdivision (a) of Section
17 54026.

18 (c) “General-purpose funding” means those funds that consist
19 of state aid, local property taxes, and other revenues applied toward
20 a school district’s revenue limit, pursuant to Section 42238 *local*
21 *control funding formula, pursuant to Section 42238.02, as*
22 *implemented by Section 42238.03.*

23 (d) “Categorical aid” means aid that consists of state or federally
24 funded programs, or both, which are apportioned for specific
25 purposes set forth in statute or regulation.

26 (e) “Economic impact aid-eligible pupils” means those pupils
27 that are included in the economic impact aid-eligible pupil count
28 pursuant to Section 54023. For purposes of applying Section 54023
29 to charter schools, “economically disadvantaged pupils” means
30 the pupils described in paragraph (2) of subdivision (a) of Section
31 54026.

32 (f)
33 (e) “Educationally disadvantaged pupils” means those pupils
34 who are eligible for subsidized meals pursuant to Section 49552
35 or are identified as English learners pursuant to subdivision (a) of
36 Section 306, or both pupils who meet federal eligibility criteria
37 for free and reduced-price meals as specified in Section 49531,
38 as that section read on January 1, 2013, except in regard to meals
39 in family day care homes.

40 (g)

1 (f) “Operational funding” means all funding except funding for
2 capital outlay.

3 ~~(h)~~

4 (g) “School district of a similar type” means a school district
5 that is serving similar grade levels.

6 ~~(i)~~

7 (h) “Similar pupil population” means similar numbers of pupils
8 by grade level, with a similar proportion of educationally
9 disadvantaged pupils.

10 ~~(j)~~

11 (i) “Sponsoring local educational agency” means the following:

12 (1) If a charter school is granted by a school district, the
13 sponsoring local educational agency is the school district.

14 (2) If a charter is granted by a county office of education after
15 having been previously denied by a school district, the sponsoring
16 local educational agency means the school district that initially
17 denied the charter petition.

18 (3) If a charter is granted by the state board after having been
19 previously denied by a local educational agency, the sponsoring
20 local educational agency means the local educational agency
21 designated by the state board pursuant to paragraph (1) of
22 subdivision (k) of Section 47605 or if a local educational agency
23 is not designated, the local educational agency that initially denied
24 the charter petition.

25 (4) For pupils attending county-sponsored charter schools who
26 are eligible to attend those schools solely as a result of parental
27 request pursuant to subdivision (b) of Section 1981, the sponsoring
28 local educational agency means the pupils’ school district of
29 residence.

30 (5) For pupils attending countywide charter schools pursuant
31 to Section 47605.6 who reside in a basic aid school district, the
32 sponsoring local educational agency means the school district of
33 residence of the pupil. For purposes of this paragraph, “basic aid
34 school district” means a school district that does not receive an
35 apportionment of state funds—~~pursuant to as described in~~
36 ~~subdivision (h) (o) of Section 42238 42238.02.~~

37 *SEC. 84. Section 47632.5 of the Education Code is repealed.*

38 ~~47632.5.— A charter school that is established through the~~
39 ~~conversion of an existing public school where the charter is granted~~
40 ~~by a district other than the district in which the school is located~~

1 may not generate or receive revenue limit funding in excess of the
2 revenue limit of the school district in which the school was located
3 prior to the conversion to charter status. This limitation shall apply
4 whether the charter converts to charter status a single existing
5 public school or multiple existing public schools.

6 *SEC. 85. Section 47635 of the Education Code is amended to*
7 *read:*

8 47635. (a) A sponsoring local educational agency shall
9 annually transfer to each of its charter schools funding in lieu of
10 property taxes equal to the lesser of the following two amounts:

11 (1) The average amount of property taxes per unit of average
12 daily attendance, including average daily attendance attributable
13 to charter schools, received by the local educational agency,
14 multiplied by the charter school's average daily attendance.

15 (2) ~~The statewide average general-purpose funding local control~~
16 ~~funding formula grant funding computed pursuant to subdivision~~
17 ~~(d) of Section 42238.02, per unit of average daily attendance~~
18 ~~received by school districts, as determined by the State Department~~
19 ~~of Education, department, multiplied by the charter school's~~
20 ~~average daily attendance in each of the four corresponding grade~~
21 ~~level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and~~
22 ~~6; grades 7 and 8; and grades 9 to 12, inclusive.~~

23 (3) *Notwithstanding paragraph (2), until the Superintendent*
24 *determines that a charter school is funded pursuant to Section*
25 *42238.02 in the prior fiscal year, the Superintendent shall*
26 *apportion funding per unit of average daily attendance pursuant*
27 *to this article. The base grant for purposes of paragraph (2) shall*
28 *be the sum of the entitlements for the charter school in the specified*
29 *fiscal year as computed pursuant to paragraphs (1) to (4),*
30 *inclusive, of subdivision (a) of Section 42238.03 and paragraph*
31 *(3) of subdivision (b) of Section 42238.03, multiplied by the ratio*
32 *of local control funding formula base grant funding computed*
33 *pursuant to subdivision (d) of Section 42238.02 to the local control*
34 *funding formula amount for the fiscal year computed pursuant to*
35 *Section 42238.02.*

36 (b) The sponsoring local educational agency shall transfer
37 funding in lieu of property taxes to the charter school in monthly
38 installments, by no later than the 15th of each month.

39 (1) For the months of August to February, inclusive, a charter
40 school's funding in lieu of property taxes shall be computed based

1 on the amount of property taxes received by the sponsoring local
2 educational agency during the preceding fiscal year, as reported
3 to the Superintendent of ~~Public Instruction~~ for purposes of the
4 second principal apportionment. A sponsoring local educational
5 agency shall transfer to the charter school the charter school's
6 estimated annual entitlement to funding in lieu of property taxes
7 as follows:

8 (A) Six percent in August.

9 (B) Twelve percent in September.

10 (C) Eight percent each month in October, November, December,
11 January, and February.

12 (2) For the months of March to June, inclusive, a charter
13 school's funding in lieu of property taxes shall be computed based
14 on the amount of property taxes estimated to be received by the
15 sponsoring local educational agency during the fiscal year, as
16 reported to the Superintendent of ~~Public Instruction~~ for purposes
17 of the first principal apportionment. A sponsoring local educational
18 agency shall transfer to each of its charter schools an amount equal
19 to one-sixth of the difference between the school's estimated annual
20 entitlement to funding in lieu of property taxes and the amounts
21 provided pursuant to paragraph (1). An additional one-sixth of this
22 difference shall be included in the amount transferred in the month
23 of March.

24 (3) For the month of July, a charter school's funding in lieu of
25 property taxes shall be computed based on the amount of property
26 taxes estimated to be received by the sponsoring local educational
27 agency during the prior fiscal year, as reported to the
28 Superintendent of ~~Public Instruction~~ for purposes of the second
29 principal apportionment. A sponsoring local educational agency
30 shall transfer to each of its charter schools an amount equal to the
31 remaining difference between the school's estimated annual
32 entitlement to funding in lieu of property taxes and the amounts
33 provided pursuant to paragraphs (1) and (2).

34 (4) Final adjustments to the amount of funding in lieu of
35 property taxes allocated to a charter school shall be made in
36 February, in conjunction with the final reconciliation of annual
37 apportionments to schools.

38 (5) Subdivision (a) and paragraphs (1) to (4), inclusive, ~~of~~
39 ~~subdivision (b)~~ do not apply for pupils who reside in, and are
40 otherwise eligible to attend a school in, a basic aid school district,

but who attend a charter school in a nonbasic aid school district. With regard to these pupils, the sponsoring basic aid *school* district shall transfer to the charter school an amount of funds equivalent to the ~~revenue-limit~~ *local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03*, earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid *school* district. The transfer of funds shall be made in not fewer than two installments at the request of the charter school, the first occurring not later than February 1 and the second not later than June 1 of each school year. Payments shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively. The Superintendent of ~~Public Instruction~~ may not apportion any funds for the attendance of pupils described in this subdivision unless the amount transferred by the basic aid district is less than the ~~revenue-limit~~ *local control funding formula grant pursuant to Section 42238.02, as implemented by Section 42238.03*, earned by the charter school, in which event the Superintendent of ~~Public Instruction~~ shall apportion the difference to the charter school from state funds.

SEC. 86. *Section 47636 of the Education Code is amended to read:*

47636. (a) This chapter ~~does~~ *shall* not prevent a charter school from negotiating with a local educational agency for a share of operational funding from sources not otherwise set forth in this chapter including, but not limited to, all of the following:

(1) Forest reserve revenues and other operational revenues received due to harvesting or extraction of minerals or other natural resources.

(2) Sales and use taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(3) Parcel taxes, to the extent that the associated revenues are available for noncapital expenses of public schools.

(4) Ad valorem property taxes received by a school district which exceed its ~~revenue-limit-entitlement~~ *local control funding formula entitlement pursuant to Section 42238.02, as implemented by Section 42238.03*.

1 (5) “Basic aid” received by a school district pursuant to Section
2 6 of Article IX of the California Constitution.

3 (b) This section shall become operative July 1, 2006.

4 *SEC. 87. Section 47660 of the Education Code is amended to*
5 *read:*

6 47660. (a) For purposes of computing eligibility for, and
7 entitlements to, general purpose funding and operational funding
8 for categorical programs, the enrollment and average daily
9 attendance of a sponsoring local educational agency shall exclude
10 the enrollment and attendance of pupils in its charter schools
11 funded pursuant to this chapter.

12 ~~(b) (1) Notwithstanding subdivision (a), and commencing with~~
13 ~~the 2005–06 fiscal year, for purposes of computing eligibility for,~~
14 ~~and entitlements to, revenue limit funding, the average daily~~
15 ~~attendance of a unified school district, other than a unified school~~
16 ~~district that has converted all of its schools to charter status~~
17 ~~pursuant to Section 47606, shall include all attendance of pupils~~
18 ~~who reside in the unified school district and who would otherwise~~
19 ~~have been eligible to attend a noncharter school of the school~~
20 ~~district, if the school district was a basic aid school district in the~~
21 ~~prior fiscal year, or if the pupils reside in the unified school district~~
22 ~~and attended a charter school of that school district that converted~~
23 ~~to charter status on or after July 1, 2005. Only the attendance of~~
24 ~~the pupils described by this paragraph shall be included in the~~
25 ~~calculation made pursuant to paragraph (7) of subdivision (h) of~~
26 ~~Section 42238.~~

27 ~~(2) Notwithstanding subdivision (a), for the 2005–06 fiscal year~~
28 ~~only, for purposes of computing eligibility for, and entitlements~~
29 ~~to, revenue limit funding, the average daily attendance of a unified~~
30 ~~school district, other than a unified school district that has~~
31 ~~converted all of its schools to charter status pursuant to Section~~
32 ~~47606 and is operating them as charter schools, shall include all~~
33 ~~attendance of pupils who reside in the unified school district and~~
34 ~~who would otherwise have been eligible to attend a noncharter~~
35 ~~school of the unified school district if the pupils attended a charter~~
36 ~~school operating in the unified school district prior to July 1, 2005.~~
37 ~~Only the attendance of pupils described by this paragraph shall be~~
38 ~~included in the calculation made pursuant to Section 42241.3. The~~
39 ~~attendance of the pupils described by this paragraph shall be~~

1 included in the calculation made pursuant to paragraph (7) of
2 subdivision (h) of Section 42238.

3 (e) (1) For the attendance of pupils specified in subdivision (b);
4 the general-purpose entitlement for a charter school that is
5 established through the conversion of an existing public school
6 within a unified school district on or after July 1, 2005, but before
7 January 1, 2010, shall be determined using the following amount
8 of general-purpose funding per unit of average daily attendance;
9 in lieu of the amount calculated pursuant to subdivision (a) of
10 Section 47633:

11 (A) The amount of the actual unrestricted revenues expended
12 per unit of average daily attendance for that school in the year
13 prior to its conversion to, and operation as, a charter school;
14 adjusted for the base revenue limit per pupil inflation increase
15 adjustment set forth in Section 42238.1, if this adjustment is
16 provided, and also adjusted for equalization, deficit reduction, and
17 other state general-purpose increases, if any, provided for the
18 unified school district in the year of conversion to, and operation
19 as a charter school.

20 (B) For a subsequent fiscal year, the general-purpose entitlement
21 shall be determined based on the amount per unit of average daily
22 attendance allocated in the prior fiscal year adjusted for the base
23 revenue limit per pupil inflation increase adjustment set forth in
24 Section 42238.1, if this adjustment is provided, and also adjusted
25 for equalization, deficit reduction, and other state general-purpose
26 increases, if any, provided for the unified school district in that
27 fiscal year.

28 (2) This subdivision shall not apply to a charter school that is
29 established through the conversion of an existing public school
30 within a unified school district on or after January 1, 2010, which
31 instead shall receive general-purpose funding

32 pursuant to Section 47633. This paragraph does not preclude a
33 charter school or unified school district from agreeing to an
34 alternative funding formula.

35 (d) Commencing with the 2005-06 fiscal year, the
36 general-purpose funding per unit of average daily attendance
37 specified for a unified school district for purposes of paragraph
38 (7) of subdivision (h) of Section 42238 for a school within the
39 unified school district that converted to charter status on or after

1 July 1, 2005, shall be deemed to be the amount computed pursuant
2 to subdivision (c):

3 ~~(e) A unified school district that is the sponsoring local~~
4 ~~educational agency as defined in subdivision (j) of Section 47632~~
5 ~~of a charter school that is subject to paragraphs (1) and (2) of~~
6 ~~subdivision (e) shall certify to the Superintendent the amount~~
7 ~~specified in paragraph (1) of subdivision (c) prior to the approval~~
8 ~~of the charter petition by the governing board of the school district.~~
9 ~~This amount may be based on estimates of the unrestricted revenues~~
10 ~~expended in the fiscal year prior to the school's conversion to~~
11 ~~charter status and the school's operation as a charter school,~~
12 ~~provided that the amount is recertified when the actual data~~
13 ~~becomes available.~~

14 ~~(f) For the purposes of this section, "basic aid school district"~~
15 ~~means a school district that does not receive from the state an~~
16 ~~apportionment of state funds pursuant to subdivision (h) of Section~~
17 ~~42238.~~

18 ~~(g) A school district may use the existing Standardized Account~~
19 ~~Code Structure and cost allocation methods, if appropriate, for an~~
20 ~~accounting of the actual unrestricted revenues expended in support~~
21 ~~of a school pursuant to subdivision (c).~~

22 ~~(h) For purposes of this section and Section 42241.3, "operating"~~
23 ~~means that pupils are attending and receiving instruction at the~~
24 ~~charter school.~~

25 *SEC. 88. Section 47663 of the Education Code is amended to*
26 *read:*

27 47663. (a) (1) For a pupil of a charter school sponsored by
28 a basic aid school district who resides in, and is otherwise eligible
29 to attend, a school district other than a basic aid school district,
30 the Superintendent of Public Instruction shall apportion to the
31 sponsoring school district an amount equal to 70 percent of the
32 ~~revenue limit~~ *local control funding formula base grant computed*
33 *pursuant to subdivision (d) of Section 42238.02*, per unit of average
34 daily attendance that would have been apportioned to the school
35 district that the pupil resides in and would otherwise have been
36 eligible to attend.

37 (2) *Notwithstanding paragraph (1), until the Superintendent*
38 *determines that the school district the pupil resides in, and would*
39 *otherwise have been eligible to attend, is funded pursuant to*
40 *Section 42238.02 in the prior fiscal year, the Superintendent shall*

1 apportion, for average daily attendance pursuant to this article,
 2 70 percent of the sum of the entitlements for the school district
 3 that the pupil resides in, and would otherwise have been eligible
 4 to attend, for the specified fiscal year as computed pursuant to
 5 paragraphs (1) to (4), inclusive, of subdivision (a) of Section
 6 42238.03 and paragraph (3) of subdivision (b) of Section 42238.03,
 7 divided by the average daily attendance for that fiscal year and
 8 then multiplied by the ratio of local control funding formula base
 9 grant funding computed pursuant to subdivision (d) of Section
 10 42238.02 to the local control funding formula amount for the fiscal
 11 year computed pursuant to Section 42238.02.

12 (b) A school district that loses basic aid status as a result of
 13 transferring property taxes to a charter school or schools pursuant
 14 to Section 47635 for pupils who reside in, and are otherwise
 15 eligible to attend, a school district other than the school district
 16 that sponsors the charter school, shall be eligible to receive a pro
 17 rata share of funding provided by subdivision (a), with the proration
 18 factor calculated as the ratio of the following:

19 (1) The amount of property taxes that the school district receives
 20 in excess of its total revenue limit guarantee, prior to base grant
 21 per unit of average daily attendance calculated pursuant to Section
 22 42238.02, as implemented by Section 42238.03, before any
 23 transfers made pursuant to Section 47635, except for transfers of
 24 in lieu of property taxes made for pupils who reside in, and would
 25 otherwise be eligible to attend, a school of the school district.

26 (2) The total amount of in lieu of property taxes transferred
 27 pursuant to Section 47635 to the charter school or schools that it
 28 sponsors, except for transfers of in lieu of property taxes made for
 29 pupils who reside in, and would otherwise be eligible to attend, a
 30 school of the school district.

31 (c) In no event shall the amount provided pursuant to this section
 32 exceed the amount of in lieu of property taxes transferred on behalf
 33 of charter school pupils who do not reside in the school district,
 34 less the proportionate amount of base grant state aid provided
 35 pursuant to Section 42238.02, as implemented by Section 42238.03,
 36 that is attributable to the charter school pupils who do not reside
 37 in the school district.

38 (e)

39 (d) The Superintendent of Public Instruction may shall not
 40 apportion funds for the attendance of a pupil in a charter school

1 of a nonbasic aid school district who resides in, and is otherwise
2 eligible to attend school in, a basic aid school district unless the
3 pupil is subject to the exception set forth in paragraph (5) of
4 subdivision (b) of Section 47635.

5 (d)

6 (e) For purposes of this section, “basic aid school district” means
7 a school district that does not receive from the state, for any fiscal
8 year in which the subdivision is applied, an apportionment of state
9 funds ~~pursuant to as described in subdivision (h) (o) of Section~~
10 ~~42238 42238.02.~~

11 *SEC. 89. Section 47664 of the Education Code is repealed.*

12 ~~47664. (a) A school district in which all schools have been~~
13 ~~converted to charter schools pursuant to Section 47606, at the~~
14 ~~school district’s discretion, may use the funding method provided~~
15 ~~for by this chapter. A school district that elects to have its funding~~
16 ~~determined pursuant to the method provided for by this chapter~~
17 ~~shall so notify the Superintendent of Public Instruction by June 1~~
18 ~~prior to the affected fiscal year. Once made, an election to be~~
19 ~~funded pursuant to the method provided for by this chapter is~~
20 ~~irrevocable.~~

21 ~~(b) In the case of a school district in which all schools have been~~
22 ~~converted to charter schools pursuant to Section 47606, and that~~
23 ~~has not elected to be funded pursuant to the method provided for~~
24 ~~by this chapter, any increase in district average daily attendance~~
25 ~~attributable to pupils who reside in, and would otherwise be eligible~~
26 ~~to attend, a district other than the district sponsoring the charter~~
27 ~~school shall be funded at the lesser of the following:~~

28 ~~(1) The sponsoring district’s own base revenue limit per unit of~~
29 ~~average daily attendance.~~

30 ~~(2) The statewide average base revenue limit per unit of average~~
31 ~~daily attendance for districts of a similar type. For purposes of this~~
32 ~~paragraph, increases in average daily attendance shall be measured~~
33 ~~relative to the 1998–99 fiscal year or the fiscal year in which all~~
34 ~~schools in the district were converted to charter schools pursuant~~
35 ~~to Section 47606, whichever fiscal year is later.~~

36 ~~(c) A school district in which all schools have been converted~~
37 ~~to charter schools pursuant to Section 47606 and that is the~~
38 ~~sponsoring entity for a charter school or schools that were~~
39 ~~previously funded pursuant to the method provided pursuant to~~
40 ~~this chapter shall have its base revenue limit computed as follows:~~

1 ~~(1) The average daily attendance of the charter school or schools~~
2 ~~for the fiscal year prior to the fiscal year in which the conversion~~
3 ~~is effective shall be multiplied by the statewide average base~~
4 ~~revenue limit per unit of average daily attendance for districts of~~
5 ~~similar type for the fiscal year in which the conversion is effective.~~

6 ~~(2) The school district's remaining average daily attendance for~~
7 ~~the fiscal year prior to the fiscal year in which the conversion is~~
8 ~~effective shall be multiplied by the school district's base revenue~~
9 ~~limit per unit of average daily attendance for the fiscal year in~~
10 ~~which the conversion is effective.~~

11 ~~(3) The amounts computed in paragraphs (1) and (2) shall be~~
12 ~~added and this total shall be divided by the district's total average~~
13 ~~daily attendance, including average daily attendance in charter~~
14 ~~schools for which it is the sponsoring entity, for the fiscal year~~
15 ~~prior to the fiscal year in which the conversion is effective.~~

16 *SEC. 90. Section 48310 of the Education Code is amended to*
17 *read:*

18 48310. (a) The average daily attendance for pupils admitted
19 by a school district of choice pursuant to this article shall be
20 credited to that *school* district pursuant to Section 46607. The
21 attendance report for the school district of choice may include an
22 identification of the school district of residence.

23 (b) Notwithstanding other provisions of law, state aid for
24 categorical education programs for pupils admitted under this
25 article shall be apportioned to the school district of choice.

26 (c) ~~(1) For any a school district of choice that is a basic aid~~
27 ~~school district, the apportionment of state funds for any average~~
28 ~~daily attendance credited pursuant to this section shall be 70 percent~~
29 ~~of the district revenue limit calculated local control funding~~
30 ~~formula base grant computed pursuant to subdivision (d) of Section~~
31 ~~42238 42238.02, as implemented by Section 42238.03, that would~~
32 ~~have been apportioned to the school district of residence. For~~
33 ~~purposes of this subdivision, the term "basic aid district" means a~~
34 ~~school district that does not receive from the state, for any fiscal~~
35 ~~year in which the subdivision is applied, an apportionment of state~~
36 ~~funds pursuant to subdivision (h) of Section 42238.~~

37 ~~(2) Notwithstanding paragraph (1), until the Superintendent~~
38 ~~determines that the school district of residence is funded pursuant~~
39 ~~to Section 42238.02 in the prior fiscal year, the Superintendent~~
40 ~~shall apportion, for average daily attendance pursuant to this~~

1 article, 70 percent of the sum of the entitlements for the school
2 district of residence for the specified fiscal year as computed
3 pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of
4 Section 42238.03 and paragraph (3) of subdivision (b) of Section
5 42238.03, divided by the average daily attendance pursuant to
6 this article for that fiscal year and then multiplied by the ratio of
7 local control funding formula base grant funding computed
8 pursuant to subdivision (d) of Section 42238.02 to the local control
9 funding formula amount for the fiscal year computed pursuant to
10 Section 42238.02.

11 (3) For purposes of this subdivision, the term “basic aid school
12 district” means a school district that does not receive from the
13 state, for a fiscal year in which this subdivision is applied, an
14 apportionment of state funds as described in subdivision (o) of
15 Section 42238.02.

16 (d) The average daily attendance of pupils admitted by a school
17 district of choice pursuant to this article shall be credited to that
18 school district for the purposes of any determination under Article
19 2 (commencing with Section 17010) of Chapter 12 of Part 10 of
20 Division 1 of Title 1 that utilizes uses an average daily attendance
21 calculation.

22 SEC. 91. Section 48359.5 of the Education Code is amended
23 to read:

24 48359.5. (a) For a school district of enrollment that is a basic
25 aid school district, the apportionment of state funds for any average
26 daily attendance credited pursuant to this article shall be 70 percent
27 of the school district revenue limit local control funding formula
28 base grant that would have been apportioned to the school district
29 of residence pursuant to subdivision (d) of Section 42238.02.
30 Apportionment of these funds shall begin in the second consecutive
31 year of enrollment, and continue annually until the pupil graduates
32 from, or is no longer enrolled in, the school district of enrollment.
33 For purposes of this section, “basic aid school district” means a
34 school district that does not receive an apportionment of state funds
35 pursuant to subdivision (h) of Section 42238 for any fiscal year in
36 which this subdivision may apply.

37 (b) Notwithstanding subdivision (a), until the Superintendent
38 determines that the school district of enrollment is funded pursuant
39 to Section 42238.02 in the prior fiscal year, the Superintendent
40 shall apportion, for average daily attendance pursuant to this

1 article, 70 percent of the sum of the entitlements for the school
2 district of enrollment for the specified fiscal year as computed
3 pursuant to paragraphs (1) to (4), inclusive, of subdivision (a) of
4 Section 42238.03 and paragraph (3) of subdivision (b) of Section
5 42238.03, divided by the average daily attendance pursuant to
6 this article for that fiscal year and then multiplied by the ratio of
7 local control funding formula base grant funding computed
8 pursuant to subdivision (d) of Section 42238.02 to the local control
9 funding formula amount for the fiscal year computed pursuant to
10 Section 42238.02.

11 (c) For purposes of this section, “basic aid school district”
12 means a school district that does not receive an apportionment of
13 state funds as described in subdivision (o) of Section 42238.02 for
14 a fiscal year in which this section may apply.

15 SEC. 92. Section 49085 of the Education Code is amended to
16 read:

17 49085. (a) ~~The department shall ensure that the California~~
18 ~~School Information Services system meets the needs of pupils in~~
19 ~~foster care and includes disaggregated data on pupils in foster care.~~
20 and the State Department of Social Services shall develop and
21 enter into a memorandum of understanding that shall, at a
22 minimum, require the State Department of Social Services, at least
23 once per week, to share with the department both of the following:

24 (1) Disaggregated information on children and youth in foster
25 care sufficient for the department to identify pupils in foster care.

26 (2) Disaggregated data on children and youth in foster care
27 that is helpful to county offices of education and other local
28 educational agencies responsible for ensuring that pupils in foster
29 care received appropriate educational supports and services.

30 (b) To the extent allowable under federal law, the department
31 shall regularly identify pupils in foster care and designate those
32 pupils in the California Longitudinal Pupil Achievement Data
33 System or any future data system used by the department to collect
34 disaggregated pupil outcome data.

35 (c) To the extent allowable under federal law, the
36 Superintendent, on or before February 15 of each even-numbered
37 year, shall report to the Legislature and the Governor on the
38 educational outcomes for pupils in foster care at both the individual
39 schoolsite level and school district level. The report shall include,
40 but is not limited to, all of the following:

1 (1) Individual schoolsite level and school district level
2 educational outcome data for each local educational agency that
3 enrolls at least 15 pupils in foster care, each county in which at
4 least 15 pupils in foster care attend school, and for the entire state.

5 (2) The number of pupils in foster care statewide and by each
6 local educational agency.

7 (3) The academic achievement of pupils in foster care.

8 (4) The incidence of suspension and expulsion for pupils in
9 foster care.

10 (5) Truancy rates, attendance rates, and dropout rates for pupils
11 in foster care.

12 (d) To the extent allowable under federal law, the department,
13 at least once per week, shall do all of the following:

14 (1) Inform school districts and charter schools of any pupils
15 enrolled in those school districts or charter schools who are in
16 foster care.

17 (2) Inform county offices of education of any pupils enrolled in
18 schools in the county who are in foster care.

19 (3) Provide schools districts, county office of education, and
20 charter schools disaggregated data helpful to ensuring pupils in
21 foster care receive appropriate educational supports and services.

22 (e) For purposes of this section “pupil in foster care” means a
23 pupil who is under the jurisdiction of the juvenile court pursuant
24 to Section 300, 601, or 602 of the Welfare and Institutions Code.

25 SEC. 93. Section 49536 of the Education Code is amended to
26 read:

27 49536. ~~The State Department of Education~~ (a) The department
28 shall, ~~prior to~~ before July 1 of each year, prescribe an adjustment
29 in the state meal contribution rates established pursuant to this
30 section for the forthcoming fiscal year. The adjustments shall
31 reflect the changes in the cost of operating a school breakfast and
32 lunch program and shall be made commencing on July 1 of each
33 year. The adjustment shall be the average of the separate indices
34 of the “Food Away From Home Index” for Los Angeles and San
35 Francisco as prepared by the United States Bureau of Labor
36 Statistics.

37 (b) In giving effect to the cost-of-living provisions of this
38 section, the ~~Department of Education~~ department shall use the
39 same month for computation of the percentage change in the cost
40 of living after July 1, 1975. The same month shall be used annually

thereafter. The product of ~~any~~ a percentage increase or decrease in the average index and the per meal reimbursement disbursement rate shall be adjusted by the amount of ~~any~~ a cost-of-living change currently in effect pursuant to the provisions of this section.

Commencing with

(c) ~~For the 1990–91 fiscal year, year to the 2012–13 fiscal year, inclusive, the cost-of-living adjustment shall be equal to the percentage change determined pursuant to subdivision (b) of Section 42238.1, as that section read on January 1, 2013. Commencing with the 2013–14 fiscal year, the cost-of-living adjustment shall be equal to the percentage determined pursuant to paragraph (2) of subdivision (d) of Section 42238.02.~~

SEC. 94. Section 52051 of the Education Code is repealed.

~~52051. The Public School Performance Accountability Program is hereby established and shall consist of the following three component parts:~~

~~(a) The state Academic Performance Index, to be known as the API.~~

~~(b) The Immediate Intervention/Underperforming Schools Program.~~

~~(c) The Governor’s High Achieving/Improving Schools Program.~~

SEC. 95. Section 52052 of the Education Code is amended to read:

52052. (a) (1) The Superintendent, with approval of the state board, shall develop an Academic Performance Index (API), to measure the performance of ~~schools~~, *schools and school districts*, especially the academic performance of pupils.

(2) A school *or school district* shall demonstrate comparable improvement in academic achievement as measured by the API by all numerically significant pupil subgroups at the ~~school~~, *school or school district*, including:

(A) Ethnic subgroups.

(B) Socioeconomically disadvantaged pupils.

(C) English learners.

(D) Pupils with disabilities.

(E) Foster youth.

(3) (A) For purposes of this section, a numerically significant pupil subgroup is one that ~~meets both of the following criteria:~~ *consists of at least 30 pupils, each of whom has a valid test score.*

1 (B) Notwithstanding subparagraph (A), for a subgroup of pupils
2 who are foster youth, a numerically significant pupil subgroup is
3 one that consists of at least 15 pupils.

4 (i) ~~The subgroup consists of at least 50 pupils each of whom~~
5 ~~has a valid test score.~~

6 (ii) ~~The subgroup constitutes at least 15 percent of the total~~
7 ~~population of pupils at a school who have valid test scores.~~

8 (B) ~~If a subgroup does not constitute 15 percent of the total~~
9 ~~population of pupils at a school who have valid test scores, the~~
10 ~~subgroup may constitute a numerically significant pupil subgroup~~
11 ~~if it has at least 100 valid test scores.~~

12 (C) For a school *or school district* with an API score that is
13 based on no fewer than 11 and no more than 99 pupils with valid
14 test scores, numerically significant pupil subgroups shall be defined
15 by the Superintendent, with approval by the state board.

16 (4) (A) The API shall consist of a variety of indicators currently
17 reported to the department, including, but not limited to, the results
18 of the achievement test administered pursuant to Section 60640,
19 attendance rates for pupils in elementary schools, middle schools,
20 and secondary schools, and the graduation rates for pupils in
21 secondary schools.

22 (B) The Superintendent, with the approval of the state board,
23 may also incorporate into the API the rates at which pupils
24 successfully promote from one grade to the next in middle school
25 and high school, and successfully matriculate from middle school
26 to high school.

27 (C) Graduation rates for pupils in secondary schools shall be
28 calculated for the API as follows:

29 (i) Four-year graduation rates shall be calculated by taking the
30 number of pupils who graduated on time for the current school
31 year, which is considered to be three school years after the pupils
32 entered grade 9 for the first time, and dividing that number by the
33 total calculated in clause (ii).

34 (ii) The number of pupils entering grade 9 for the first time in
35 the school year three school years before the current school year,
36 plus the number of pupils who transferred into the class graduating
37 at the end of the current school year between the school year that
38 was three school years before the current school year and the date
39 of graduation, less the number of pupils who transferred out of the
40 school between the school year that was three school years before

1 the current school year and the date of graduation who were
2 members of the class that is graduating at the end of the current
3 school year.

4 (iii) Five-year graduation rates shall be calculated by taking the
5 number of pupils who graduated on time for the current school
6 year, which is considered to be four school years after the pupils
7 entered grade 9 for the first time, and dividing that number by the
8 total calculated in clause (iv).

9 (iv) The number of pupils entering grade 9 for the first time in
10 the school year four years before the current school year, plus the
11 number of pupils who transferred into the class graduating at the
12 end of the current school year between the school year that was
13 four school years before the current school year and the date of
14 graduation, less the number of pupils who transferred out of the
15 school between the school year that was four years before the
16 current school year and the date of graduation who were members
17 of the class that is graduating at the end of the current school year.

18 (v) Six-year graduation rates shall be calculated by taking the
19 number of pupils who graduated on time for the current school
20 year, which is considered to be five school years after the pupils
21 entered grade 9 for the first time, and dividing that number by the
22 total calculated in clause (vi).

23 (vi) The number of pupils entering grade 9 for the first time in
24 the school year five years before the current school year, plus the
25 number of pupils who transferred into the class graduating at the
26 end of the current school year between the school year that was
27 five school years before the current school year and the date of
28 graduation, less the number of pupils who transferred out of the
29 school between the school year that was five years before the
30 current school year and the date of graduation who were members
31 of the class that is graduating at the end of the current school year.

32 (D) The inclusion of five- and six-year graduation rates for
33 pupils in secondary schools shall meet the following requirements:

34 (i) Schools shall be granted one-half the credit in their API
35 scores for graduating pupils in five years that they are granted for
36 graduating pupils in four years.

37 (ii) Schools *and school districts* shall be granted one-quarter
38 the credit in their API scores for graduating pupils in six years that
39 they are granted for graduating pupils in four years.

(iii) Notwithstanding clauses (i) and (ii), schools *and school districts* shall be granted full credit in their API scores for graduating in five or six years a pupil with disabilities who graduates in accordance with his or her individualized education program.

(E) The pupil data collected for the API that comes from the achievement test administered pursuant to Section 60640 and the high school exit examination administered pursuant to Section 60851, when fully implemented, shall be disaggregated by special education status, English learners, socioeconomic status, gender, and ethnic group. Only the test scores of pupils who were counted as part of the enrollment in the annual data collection of the California Basic Educational Data System for the current fiscal year and who were continuously enrolled during that year may be included in the test result reports in the API score of the school.

(F) (i) Commencing with the baseline API calculation in 2016, and for each year thereafter, results of the achievement test and other tests specified in subdivision (b) shall constitute no more than 60 percent of the value of the index for secondary schools.

(ii) In addition to the elements required by this paragraph, the Superintendent, with approval of the state board, may incorporate into the index for secondary schools valid, reliable, and stable measures of pupil preparedness for postsecondary education and career.

(G) Results of the achievement test and other tests specified in subdivision (b) shall constitute at least 60 percent of the value of the index for primary schools and middle schools.

(H) It is the intent of the Legislature that the state's system of public school accountability be more closely aligned with both the public's expectations for public education and the workforce needs of the state's economy. It is therefore necessary that the accountability system evolve beyond its narrow focus on pupil test scores to encompass other valuable information about school performance, including, but not limited to, pupil preparedness for college and career, as well as the high school graduation rates already required by law.

(I) The Superintendent shall annually determine the accuracy of the graduation rate data. Notwithstanding any other law, graduation rates for pupils in dropout recovery high schools shall not be included in the API. For purposes of this subparagraph,

1 “dropout recovery high school” means a high school in which 50
2 percent or more of its pupils have been designated as dropouts
3 pursuant to the exit/withdrawal codes developed by the department
4 or left a school and were not otherwise enrolled in a school for a
5 period of at least 180 days.

6 (J) To complement the API, the Superintendent, with the
7 approval of the state board, may develop and implement a program
8 of school quality review that features locally convened panels to
9 visit schools, observe teachers, interview pupils, and examine pupil
10 work, if an appropriation for this purpose is made in the annual
11 Budget Act.

12 (K) The Superintendent shall annually provide to local
13 educational agencies and the public a transparent and
14 understandable explanation of the individual components of the
15 API and their relative values within the API.

16 (L) An additional element chosen by the Superintendent and
17 the state board for inclusion in the API pursuant to this paragraph
18 shall not be incorporated into the API until at least one full school
19 year after the state board’s decision to include the element into the
20 API.

21 (b) Pupil scores from the following tests, when available and
22 when found to be valid and reliable for this purpose, shall be
23 incorporated into the API:

24 (1) The standards-based achievement tests provided for in
25 Section 60642.5.

26 (2) The high school exit examination.

27 (c) Based on the API, the Superintendent shall develop, and the
28 state board shall adopt, expected annual percentage growth targets
29 for all schools based on their API baseline score from the previous
30 year. Schools are expected to meet these growth targets through
31 effective allocation of available resources. For schools below the
32 statewide API performance target adopted by the state board
33 pursuant to subdivision (d), the minimum annual percentage growth
34 target shall be 5 percent of the difference between the actual API
35 score of a school and the statewide API performance target, or one
36 API point, whichever is greater. Schools at or above the statewide
37 API performance target shall have, as their growth target,
38 maintenance of their API score above the statewide API
39 performance target. However, the state board may set differential
40 growth targets based on grade level of instruction and may set

1 higher growth targets for the lowest performing schools because
2 they have the greatest room for improvement. To meet its growth
3 target, a school shall demonstrate that the annual growth in its API
4 is equal to or more than its schoolwide annual percentage growth
5 target and that all numerically significant pupil subgroups, as
6 defined in subdivision (a), are making comparable improvement.

7 (d) Upon adoption of state performance standards by the state
8 board, the Superintendent shall recommend, and the state board
9 shall adopt, a statewide API performance target that includes
10 consideration of performance standards and represents the
11 proficiency level required to meet the state performance target.
12 ~~When the API is fully developed, schools, at a minimum, shall~~
13 ~~meet their annual API growth targets to be eligible for the~~
14 ~~Governor's Performance Award Program as set forth in Section~~
15 ~~52057. The state board may establish additional criteria that schools~~
16 ~~must meet to be eligible for the Governor's Performance Award~~
17 ~~Program.~~

18 (e) (1) A school *or school district* with 11 to 99 pupils with
19 valid test scores shall receive an API score with an asterisk that
20 indicates less statistical certainty than API scores based on 100 or
21 more test scores.

22 (2) A school *or school district* annually shall receive an API
23 score, unless the Superintendent determines that an API score
24 would be an invalid measure of the performance of the school *or*
25 *school district* for one or more of the following reasons:

26 (A) Irregularities in testing procedures occurred.

27 (B) The data used to calculate the API score of the school *or*
28 *school district* are not representative of the pupil population at the
29 school *or school district*.

30 (C) Significant demographic changes in the pupil population
31 render year-to-year comparisons of pupil performance invalid.

32 (D) The department discovers or receives information indicating
33 that the integrity of the API score has been compromised.

34 (E) Insufficient pupil participation in the assessments included
35 in the API.

36 (3) If a school *or school district* has fewer than 100 pupils with
37 valid test scores, the calculation of the API or adequate yearly
38 progress pursuant to the federal No Child Left Behind Act of 2001
39 (20 U.S.C. Sec. 6301 et seq.) and federal regulations may be
40 calculated over more than one annual administration of the tests

1 administered pursuant to Section 60640 and the high school exit
2 examination administered pursuant to Section 60851, consistent
3 with regulations adopted by the state board.

4 (f) Only schools with 100 or more test scores contributing to
5 the API may be included in the API rankings.

6 (g) The Superintendent, with the approval of the state board,
7 shall develop an alternative accountability system for schools under
8 the jurisdiction of a county board of education or a county
9 superintendent of schools, community day schools, nonpublic,
10 nonsectarian schools pursuant to Section 56366, and alternative
11 schools serving high-risk pupils, including continuation high
12 schools and opportunity schools. Schools in the alternative
13 accountability system may receive an API score, but shall not be
14 included in the API rankings.

15 (h) *For purposes of this section, county offices of education*
16 *shall be considered school districts.*

17 SEC. 96. *Section 52052.1 of the Education Code is amended*
18 *to read:*

19 52052.1. (a) Beginning July 1, 2011, in addition to the test
20 scores specified in subparagraph (B) of paragraph (4) of subdivision
21 (a) of Section 52052, the Academic Performance Index (API) for
22 a school or school district shall do all of the following:

23 (1) Include the test scores and other accountability data of
24 enrolled pupils who were referred by the school or school district
25 of residence to an alternative education program, including
26 community, community day, and continuation high schools and
27 independent study, and be calculated by assigning all accountability
28 data on pupils in alternative education programs, including
29 community, community day, and continuation high schools and
30 independent study, to the school and school district of residence
31 to ensure that placement decisions are in the best interests of
32 affected pupils. If a pupil is referred to an alternative education
33 program by a juvenile court judge or other correctional or judicial
34 official, or if the pupil is expelled pursuant to subdivision (a), ~~(b)~~,
35 or (c) of Section 48915, the test scores of that pupil shall remain
36 with the alternative education program and with the school district
37 or county office of education serving that pupil. This section does
38 not prohibit the alternative education program from counting the
39 test scores of those pupils served in their alternative education

1 program. It is the intent of the Legislature that these alternative
2 education programs remain accountable to the pupils they serve.

3 (2) Exclude the test scores or other data of those pupils exempt
4 pursuant to federal statute or federal regulation.

5 (3) Include school and school district dropout rates for pupils
6 who drop out of school while enrolled in grade 8 or 9. If reliable
7 data is not available by July 1, 2011, the Superintendent, on or
8 before that date, shall report to the Legislature the reasons for the
9 delay and date he or she anticipates the specified dropout rates
10 will be included in the API.

11 (b) The advisory committee established pursuant to Section
12 52052.5 shall recommend to the Superintendent and the state board
13 all of the following:

14 (1) The length of time for which the accountability data on
15 pupils in alternative education programs shall be assigned to the
16 school and school district of residence pursuant to paragraph (1)
17 of subdivision (a).

18 (2) Whether it is appropriate to assign accountability data to the
19 school or the school district, pursuant to paragraph (1) of
20 subdivision (a), if the pupil never attended the school of residence
21 or has been absent for more than one year from the school district
22 of residence due to placement in another school or school district
23 or out of state.

24 (c) *Before January 30, 2014, the advisory committee established*
25 *pursuant to Section 52052.5 shall review, and recommend to the*
26 *Superintendent and the state board any changes proposed for, the*
27 *assignment of accountability data to the school district of residence*
28 *pursuant to paragraph (1) of subdivision (a) based on the addition*
29 *of Sections 2574, 2575, 42238.02, and 42238.03, and Article 4.5*
30 *(commencing with Section 52060) by the act adding this*
31 *subdivision.*

32 *SEC. 97. Section 52052.2 of the Education Code is repealed.*

33 ~~52052.2. A school that receives an API score with an asterisk~~
34 ~~shall be eligible for the Governor's Performance Awards Program,~~
35 ~~as set forth in Section 52057 and for participation in the Immediate~~
36 ~~Intervention/Underperforming Schools Program, as set forth in~~
37 ~~Section 52053.~~

38 *SEC. 98. Section 52052.5 of the Education Code is amended*
39 *to read:*

1 52052.5. (a) The Superintendent shall establish a broadly
2 representative and diverse advisory committee to advise the
3 Superintendent of Public Instruction and the state board on all
4 appropriate matters relative to the creation of the Academic
5 Performance Index and the implementation of the Immediate
6 Intervention/Underperforming Schools Program and the High
7 Achieving/Improving Schools Program. Members of the advisory
8 committee shall serve without compensation for terms not to
9 exceed two years. The department shall provide staff to the
10 advisory panel.

11 (b) By July 1, 2005, the advisory committee established pursuant
12 to this section shall make recommendations to the Superintendent
13 on the appropriateness and feasibility of a methodology for
14 generating a measurement of academic performance by ~~utilizing~~
15 *using* unique pupil identifiers for pupils in kindergarten and any
16 of grades 1 to 12, inclusive, and annual academic achievement
17 growth to provide a more accurate measure of a school's growth
18 over time. If appropriate and feasible, the Superintendent, with the
19 approval of the state board, shall thereafter implement this
20 measurement of academic performance.

21 (c) By January 1, 2011, the Superintendent and the state board,
22 in consultation with the advisory committee established pursuant
23 to subdivision (a), shall make recommendations to the Legislature
24 and the Governor on each of the following:

25 (1) Approaches to increasing the emphasis of science and
26 mathematics in the calculation of the Academic Performance Index
27 or any successor measure.

28 (2) Methods to incorporate into the Academic Performance
29 Index, or into other aspects of the state's accountability system, a
30 measure of the degree to which pupils graduate from high school
31 with the skills and knowledge necessary to attain entry-level
32 employment in business or industry, as set forth in subdivision (b)
33 of Section 51228.

34 (3) Methods to incorporate into the Academic Performance
35 Index, or into other aspects of the state's accountability system, a
36 measure of the degree to which pupils graduate from high school
37 with the skills and knowledge necessary to succeed in
38 postsecondary education.

39 (d) By July 1, 2013, the Superintendent and the state board, in
40 consultation with the advisory committee established pursuant to

subdivision (a), shall make recommendations to the Legislature and the Governor on the establishment of a methodology for generating a measurement of group and individual academic performance growth by utilizing individual pupil results from a longitudinally valid achievement assessment system. These recommendations should also address any interactions between the Academic Performance Index, or any successor measure, and individual test scores from the state's tests, as well as implications for the reauthorization of the state's assessment system. This paragraph shall not be construed to supersede the provisions of Chapter 273 of the Statutes of 2009.

SEC. 99. Article 3 (commencing with Section 52053) of Chapter 601 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 100. Article 3.5 (commencing with Section 52055.600) of Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education Code is repealed.

SEC. 101. Section 52055.750 of the Education Code is amended to read:

52055.750. (a) A school district or chartering authority that receives funding pursuant to this article shall agree to do all of the following for each funded school within its jurisdiction:

(1) Comply with the program requirements of this article and require that each funded schoolsite complete and meet the criteria of an academic review process that includes the elements of the school assistance and intervention team review process described in Section 52055.51, *as that section read on January 1, 2013*.

(2) Ensure that funded schools meet the requirements of this article.

(3) Ensure that each school administrator in a funded school is confirmed to have exemplary qualifications and experience by the end of the first full year of funding and in each year of funding thereafter. Those qualifications shall include the ability to support the success of all pupils by facilitating the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community as well as the ability to advocate, nurture, and sustain a school culture and instructional program that is conducive to pupils learning and staff professional growth. The school district or chartering authority shall provide for high quality professional development for each

1 administrator through leadership training, coaching, and mentoring
2 and shall take all reasonable steps to maintain stable school
3 leadership in schools that receive funding pursuant to this article.
4 To the extent appropriate, the professional development shall be
5 similar in quality and rigor to that provided pursuant to the
6 Administrator Training Program under Article 4.6 (commencing
7 with Section 44510) of Chapter 3 of Part 25.

8 (4) Provide all fiscal and evaluation data requested by the
9 Superintendent for initial approval, annual reviews, and reports.

10 (5) Comply with subdivisions (a) to (c), inclusive, of Section
11 52055.630, *as that section read on January 1, 2013*, and in the
12 same manner consult with the exclusive representative of classified
13 employees.

14 (6) Assist eligible schools in developing and carrying out a plan
15 to implement the provisions of this article to ensure the *school*
16 district's plan supports the work of the school.

17 (7) Agree to focus on conditions that improve instruction and
18 achievement in funded schools.

19 (8) Express its full understanding that not meeting annual and
20 final program and academic achievement requirements under this
21 article will result in the termination of funding.

22 (9) Ensure that the funds received on behalf of funded schools
23 are expended on that school, except that during the first partial
24 year of funding *school* districts may use funding under this article
25 for facilities necessary to meet the class size reduction requirements
26 of this article, if all funds are spent on funded schools within the
27 *school* district.

28 (10) Use the uniform process recommended by the
29 Superintendent pursuant to subdivision (d) of Section 52055.730
30 to ensure that the average teaching experience of the classroom
31 teachers in funded schools is equal to or greater than the average
32 teaching experience of classroom teachers in the school district as
33 a whole.

34 (b) If not expressly prohibited by federal law, a school district
35 or chartering authority on behalf of a funded school is exempt from
36 requirements imposed on the use of state categorical or federal
37 funds in the consolidated application, except those funds related
38 to economic impact aid, if those funds are identified in the revised
39 plan of Section 52055.755. Funded schools are exempt from all
40 program requirements associated with funds in the consolidated

1 application, except requirements regarding parent advisory
2 committees, schoolsite councils, and special education. Funds
3 provided under the economic aid program shall not be used to
4 implement this program.

5 (c) Each funded school shall ensure that each teacher in a
6 subject-specific classroom or teaching covered subjects participates
7 in professional development that is made available by the *school*
8 district or the schoolsite councils, is developed in a collaborative
9 process with interested parties, and is articulated in an improvement
10 plan. For purposes of this article, professional development
11 activities may include collaboration time for teachers to develop
12 new instructional lessons or analyze pupil data, mentoring projects
13 for new teachers, or extra support for teachers to improve practice.
14 At a minimum, appropriate professional development for the site
15 shall be part of a coherent plan that combines school activities
16 within the school, including, but not limited to, lesson study or
17 coteaching, and external learning opportunities that meet all of the
18 following criteria:

- 19 (1) Are related to the academic subjects taught.
- 20 (2) Provide time to meet and work with other teachers.
- 21 (3) Support instruction and pupil learning to improve instruction
22 in a manner that is consistent with academic content standards.
- 23 (4) Include an average of 40 hours per teacher per year.
- 24 (d) At a minimum, professional development in a self-contained
25 classroom shall include content regarding mathematics, science,
26 English language arts, reading, and English language development.
27 Professional development for teachers teaching subject specific
28 courses shall include the specific subject and English language
29 development. To the extent appropriate the professional
30 development shall be similar in quality and rigor to the training
31 provided under the Mathematics and Reading Professional
32 Development Program in Article 3 (commencing with Section
33 99230) of Chapter 5 of Part 65 of *Division 14 of Title 3*.

34 (e) On or before the end of the first three years of full funding,
35 funded schools shall do the following:

- 36 (1) Increase actual pupil attendance, as compared with monthly
37 enrollment in the school.
- 38 (2) For secondary schools, increase graduation rates as described
39 in Section 52055.640.

1 SEC. 102. Article 4 (commencing with Section 52056) of
2 Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
3 Code is repealed.

4 SEC. 103. Article 4.5 (commencing with Section 52060) is
5 added to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the
6 Education Code, to read:

7
8 Article 4.5. Local Control and Accountability Plans
9

10 52060. (a) On or before July 1, 2014, the governing board of
11 each school district shall adopt a local control and accountability
12 plan using a template adopted by the state board.

13 (b) A local control and accountability plan adopted by a
14 governing board of a school district shall be effective for a period
15 of three years, and shall be updated on or before July 1 of each
16 year.

17 (c) A local control and accountability plan adopted by a
18 governing board of a school district shall include, for the school
19 district and each school within the school district, a description
20 of both of the following:

21 (1) The annual goals, for all pupils and each subgroup of pupils
22 identified pursuant to Section 52052, to be achieved for each of
23 the state priorities identified in subdivision (d) and for any
24 additional local priorities identified by the governing board of the
25 school district. For purposes of this article, a subgroup of pupils
26 identified pursuant to Section 52052 shall be a numerically
27 significant pupil subgroup as specified in paragraphs (2) and (3)
28 of subdivision (a) of Section 52052.

29 (2) The specific actions the school district will take during each
30 year of the local control and accountability plan to achieve the
31 goals identified in paragraph (1), including the enumeration of
32 any specific actions necessary for that year to correct any
33 deficiencies in regard to the state priorities listed in paragraph
34 (1) of subdivision (d).

35 (d) All of the following are state priorities:

36 (1) The degree to which the teachers of the school district are
37 appropriately assigned in accordance with Section 44258.9, and
38 fully credentialed in the subject areas, and, for the pupils they are
39 teaching, every pupil in the school district has sufficient access to
40 the standards-aligned instructional materials as determined

1 pursuant to Section 60119, and school facilities are maintained
2 in good repair as specified in subdivision (d) of Section 17002.

3 (2) Implementation of the academic content and performance
4 standards adopted by the state board, including how the programs
5 and services will enable English learners to access the common
6 core academic content standards adopted pursuant to Section
7 60605.8 and the English language development standards adopted
8 pursuant to Section 60811.3 for purposes of gaining academic
9 content knowledge and English language proficiency.

10 (3) Parental involvement, including efforts the school district
11 makes to seek parent input in making decisions for the school
12 district and each individual schoolsite, and including how the
13 school district will promote parental participation in programs
14 for unduplicated pupils and individuals with exceptional needs.

15 (4) Pupil achievement, as measured by all of the following, as
16 applicable:

17 (A) Statewide assessments administered pursuant to Article 4
18 (commencing with Section 60640) of Chapter 5 of Part 33 or any
19 subsequent assessment, as certified by the state board.

20 (B) The Academic Performance Index, as described in Section
21 52052.

22 (C) The percentage of pupils who have successfully completed
23 courses that satisfy the requirements for entrance to the University
24 of California and the California State University, or career
25 technical education sequences or clusters of courses that satisfy
26 the requirements of subdivision (a) of Section 52302, subdivision
27 (a) of Section 52372.5, or paragraph (2) of subdivision (e) of
28 Section 54692, and align with state board-approved career
29 technical education standards and frameworks.

30 (D) The percentage of English learner pupils who make progress
31 toward English proficiency as measured by the California English
32 Language Development Test or any subsequent assessment of
33 English proficiency, as certified by the state board.

34 (E) The English learner reclassification rate.

35 (F) The percentage of pupils who have passed an advanced
36 placement examination with a score of 3 or higher.

37 (G) The percentage of pupils who participate in, and
38 demonstrate college preparedness pursuant to, the Early
39 Assessment Program, as described in Chapter 6 (commencing with

1 *Section 99300) of Part 65 of Division 14 of Title 3, or any*
2 *subsequent assessment of college preparedness.*

3 *(5) Pupil engagement, as measured by all of the following, as*
4 *applicable:*

5 *(A) School attendance rates.*

6 *(B) Chronic absenteeism rates.*

7 *(C) Middle school dropout rates, as described in paragraph (3)*
8 *of subdivision (a) of Section 52052.1.*

9 *(D) High school dropout rates.*

10 *(E) High school graduation rates.*

11 *(6) School climate, as measured by all of the following, as*
12 *applicable:*

13 *(A) Pupil suspension rates.*

14 *(B) Pupil expulsion rates.*

15 *(C) Other local measures, including surveys of pupils, parents,*
16 *and teachers on the sense of safety and school connectedness.*

17 *(7) The extent to which pupils have access to, and are enrolled*
18 *in, a broad course of study that includes all of the subject areas*
19 *described in Section 51210 and subdivisions (a) to (i), inclusive,*
20 *of Section 51220, as applicable, including the programs and*
21 *services developed and provided to unduplicated pupils and*
22 *individuals with exceptional needs, and the program and services*
23 *that are provided to benefit these pupils as a result of the funding*
24 *received pursuant to Section 42238.02, as implemented by Section*
25 *42238.03.*

26 *(8) Pupil outcomes, if available, in the subject areas described*
27 *in Section 51210 and subdivisions (a) to (i), inclusive, of Section*
28 *51220, as applicable.*

29 *(e) For purposes of the descriptions required by subdivision*
30 *(c), a governing board of a school district may consider qualitative*
31 *information, including, but not limited to, findings that result from*
32 *school quality reviews conducted pursuant to subparagraph (J)*
33 *or paragraph (4) of subdivision (a) of Section 52052 or any other*
34 *reviews.*

35 *(f) To the extent practicable, data reported in a local control*
36 *and accountability plan shall be reported in a manner consistent*
37 *with how information is reported on a school accountability report*
38 *card.*

39 *(g) A governing board of a school district shall consult with*
40 *teachers, principals, administrators, other school personnel,*

1 *parents, and pupils in developing a local control and accountability*
2 *plan.*

3 *(h) A school district may identify local priorities, goals in regard*
4 *to the local priorities, and the method for measuring the school*
5 *district's progress toward achieving those goals.*

6 *52061. (a) On or before July 1, 2015, and each year thereafter,*
7 *a school district shall update the local control and accountability*
8 *plan. The annual update shall be developed using a template*
9 *developed pursuant to Section 52064 and shall include all of the*
10 *following:*

11 *(1) A review of any changes in the applicability of the goals*
12 *described in paragraph (1) of subdivision (c) of Section 52060.*

13 *(2) A review of the progress toward the goals included in the*
14 *existing local control and accountability plan, an assessment of*
15 *the effectiveness of the specific actions described in the existing*
16 *local control and accountability plan toward achieving the goals,*
17 *and a description of changes to the specific actions the school*
18 *district will make as a result of the review and assessment.*

19 *(3) A listing and description of the expenditures for the fiscal*
20 *year implementing the specific actions included in the local control*
21 *and accountability plan as a result of the reviews and assessment*
22 *required by paragraphs (1) and (2).*

23 *(4) A listing and description of expenditures for the fiscal year*
24 *that will serve the pupils to whom one or more of the definitions*
25 *in Section 42238.01 apply and pupils redesignated as fluent English*
26 *proficient.*

27 *(b) The expenditures identified in subdivision (a) shall be*
28 *classified using the California School Accounting Manual pursuant*
29 *to Section 41010.*

30 *52062. (a) Before the governing board of a school district*
31 *considers the adoption of a local control and accountability plan*
32 *or an annual update to the local control and accountability plan,*
33 *all of the following shall occur:*

34 *(1) The superintendent of the school district shall present the*
35 *local control and accountability plan or annual update to the local*
36 *control and accountability plan to the parent advisory committee*
37 *established pursuant to Section 52063 for review and comment.*
38 *The superintendent of the school district shall respond, in writing,*
39 *to comments received from the parent advisory committee.*

1 (2) *The superintendent of the school district shall present the*
2 *local control and accountability plan or annual update to the local*
3 *control and accountability plan to the English learner parent*
4 *advisory committee established pursuant to Section 52063, if*
5 *applicable, for review and comment. The superintendent of the*
6 *school district shall respond, in writing, to comments received*
7 *from the English learner parent advisory committee.*

8 (3) *The superintendent of the school district shall notify members*
9 *of the public of the opportunity to submit written comments*
10 *regarding the specific actions and expenditures proposed to be*
11 *included in the local control and accountability plan or annual*
12 *update to the local control and accountability plan, using the most*
13 *efficient method of notification possible. This paragraph shall not*
14 *require a school district to produce printed notices or to send*
15 *notices by mail.*

16 (4) *The superintendent of the school district shall review school*
17 *plans submitted pursuant to Section 64001 for schools within the*
18 *school district and ensure that the specific actions included in the*
19 *local control and accountability plan or annual update to the local*
20 *control and accountability plan are consistent with strategies*
21 *included in the school plans submitted pursuant to Section 64001.*

22 (b) (1) *A governing board of a school district shall hold at least*
23 *one public hearing to solicit the recommendations and comments*
24 *of members of the public regarding the specific actions and*
25 *expenditures proposed to be included in the local control and*
26 *accountability plan or annual update to the local control and*
27 *accountability plan. The agenda for the public hearing shall be*
28 *posted at least 72 hours before the public hearing and shall include*
29 *the location where the local control and accountability plan or*
30 *annual update to the local control and accountability plan will be*
31 *available for public inspection. The public hearing shall be held*
32 *at the same meeting as the public hearing required by paragraph*
33 *(1) of subdivision (a) of Section 42127.*

34 (2) *A governing board of a school district shall adopt a local*
35 *control and accountability plan or annual update to the local*
36 *control and accountability plan in a public meeting. This meeting*
37 *shall be held after, but not on the same day as, the public hearing*
38 *held pursuant to paragraph (1). This meeting shall be the same*
39 *meeting as that during which the governing board of the school*

1 *district adopts a budget pursuant to paragraph (2) of subdivision*
2 *(a) of Section 42127.*

3 *(c) A governing board of a school district may adopt revisions*
4 *to a local control and accountability plan during the period the*
5 *local control and accountability plan is in effect. A governing*
6 *board of a school district may only adopt a revision to a local*
7 *control and accountability plan if it follows the process to adopt*
8 *a local control and accountability plan pursuant to this section*
9 *and the revisions are adopted in a public meeting.*

10 52063. *(a) (1) The governing board of a school district shall*
11 *establish a parent advisory committee to provide advice to the*
12 *governing board of the school district and the superintendent of*
13 *the school district regarding the requirements of this article.*

14 *(2) A parent advisory committee shall include parents or legal*
15 *guardians of pupils to whom one or more of the definitions in*
16 *Section 42238.01 apply.*

17 *(3) This subdivision shall not require the governing board of*
18 *the school district to establish a new parent advisory committee*
19 *if the governing board of the school district already has established*
20 *a parent advisory committee that meets the requirements of this*
21 *subdivision, including any committee established to meet the*
22 *requirements of the federal No Child Left Behind Act of 2001*
23 *(Public Law 107-110) pursuant to Section 1112 of Subpart 1 of*
24 *Part A of Title I of that act.*

25 *(b) (1) The governing board of a school district shall establish*
26 *an English learner parent advisory committee if the enrollment of*
27 *the school district includes at least 15 percent English learners*
28 *and the school district enrolls at least 50 pupils who are English*
29 *learners.*

30 *(2) This subdivision shall not require the governing board of*
31 *the school district to establish a new English learner parent*
32 *advisory committee if the governing board of the school district*
33 *already has established a committee that meets the requirements*
34 *of this subdivision.*

35 52064. *(a) On or before March 31, 2014, the state board shall*
36 *adopt templates for the following purposes:*

37 *(1) For use by school districts to meet the requirements of*
38 *Sections 52060 to 52063, inclusive.*

39 *(2) For use by county superintendents of schools to meet the*
40 *requirements of Sections 52066 to 52069, inclusive.*

1 (3) *For use by charter schools to meet the requirements of*
2 *Section 47606.5.*

3 (b) *The templates developed by the state board shall allow a*
4 *school district, county superintendent of schools, or charter school*
5 *to complete a single local control and accountability plan to meet*
6 *the requirements of this article and the requirements of the federal*
7 *No Child Left Behind Act of 2001 related to local educational*
8 *agency plans pursuant to Section 1112 of Subpart 1 of Part A of*
9 *Title I of Public Law 107-110. The state board shall also take steps*
10 *to minimize duplication of effort at the local level to the greatest*
11 *extent possible.*

12 (c) *If possible, the templates identified in paragraph (2) of*
13 *subdivision (a) for use by county superintendents of schools shall*
14 *allow a county superintendent of schools to develop a single local*
15 *control and accountability plan that would also satisfy the*
16 *requirements of Section 48926.*

17 (d) *The state board shall adopt the template pursuant to the*
18 *requirements of the Administrative Procedure Act (Chapter 3.5*
19 *(commencing with Section 11340) of Part 1 of Division 3 of Title*
20 *2 of the Government Code). The state board may adopt emergency*
21 *regulations for purposes of implementing this section.*

22 (e) *Revisions to a template or evaluation rubric shall be*
23 *approved by the state board by January 31 before the fiscal year*
24 *during which the template or evaluation rubric is to be used by a*
25 *school district, county superintendent of schools, or charter school.*

26 (f) *The adoption of a template or evaluation rubric by the state*
27 *board shall not create a requirement for a governing board of a*
28 *school district, a county board of education, or a governing body*
29 *of a charter school to submit a local control and accountability*
30 *plan to the state board, unless otherwise required by federal law.*
31 *The Superintendent shall not require a local control and*
32 *accountability plan to be submitted by a governing board of a*
33 *school district or the governing body of a charter school to the*
34 *state board. The state board may adopt a template or evaluation*
35 *rubric that would authorize a school district or a charter school*
36 *to submit to the state board only the sections of the local control*
37 *and accountability plan required by federal law.*

38 52064.5. (a) *On or before October 1, 2015, the state board*
39 *shall adopt evaluation rubrics for all of the following purposes:*

1 (1) To assist a school district, county office of education, or
2 charter school in evaluating its strengths, weaknesses, and areas
3 that require improvement.

4 (2) To assist a county superintendent of schools in identifying
5 school districts and charter schools in need of technical assistance
6 pursuant to Section 52071 or 47607.3, as applicable, and the
7 specific priorities upon which the technical assistance should be
8 focused.

9 (3) To assist the Superintendent in identifying school districts
10 for which intervention pursuant to Section 52072 is warranted.

11 (b) The evaluation rubrics shall reflect a holistic,
12 multidimensional assessment of school district and individual
13 schools site performance and shall include all of the state priorities
14 described in subdivision (d) of Section 52060.

15 (c) As part of the evaluation rubrics, the state board shall adopt
16 standards for school district and individual schools site performance
17 and expectation for improvement in regard to each of the state
18 priorities described in subdivision (d) of Section 52060.

19 52065. (a) The superintendent of a school district shall post
20 on the Internet Web site of the school district any local control
21 and accountability plan approved by the governing board of the
22 school district, and any updates or revisions to a local control and
23 accountability plan approved by the governing board of the school
24 district.

25 (b) A county superintendent of schools shall do all of the
26 following:

27 (1) Post on the Internet Web site of the county office of education
28 any local control and accountability plan approved by the county
29 board of education, and any updates or revisions to a local control
30 and accountability plan approved by the county board of education.

31 (2) Post all local control and accountability plans submitted by
32 school districts, or links to those plans, on the Internet Web site
33 of the county office of education.

34 (3) Transmit or otherwise make available to the Superintendent
35 all local control and accountability plans submitted to the county
36 superintendent of schools by school districts and the local control
37 and accountability plan approved by the county board of education.

38 (c) The Superintendent shall post links to all local control and
39 accountability plans approved by the governing boards of school

1 *districts and county boards of education on the Internet Web site*
2 *of the department.*

3 *52066. (a) On or before July 1, 2014, each county*
4 *superintendent of schools shall develop, and present to the county*
5 *board of education for adoption, a local control and accountability*
6 *plan using a template adopted by the state board.*

7 *(b) A local control and accountability plan adopted by a county*
8 *board of education shall be effective for a period of three years,*
9 *and shall be updated on or before July 1 of each year.*

10 *(c) A local control and accountability plan adopted by a county*
11 *board of education shall include, for each school or program*
12 *operated by the county superintendent of schools, a description of*
13 *both of the following:*

14 *(1) The annual goals, for all pupils and each subgroup of pupils*
15 *identified pursuant to Section 52052, to be achieved for each of*
16 *the state priorities identified in subdivision (d), as applicable to*
17 *the pupils served, and for any additional local priorities identified*
18 *by the county board of education.*

19 *(2) The specific actions the county superintendent of schools*
20 *will take during each year of the local control and accountability*
21 *plan to achieve the goals identified in paragraph (1), including*
22 *the enumeration of any specific actions necessary for that year to*
23 *correct any deficiencies in regard to the state priorities listed in*
24 *paragraph (1) of subdivision (d).*

25 *(d) All of the following are state priorities:*

26 *(1) The degree to which the teachers in the schools or programs*
27 *operated by the county superintendent of schools are appropriately*
28 *assigned in accordance with Section 44258.9 and fully credentialed*
29 *in the subject areas, and, for the pupils they are teaching, every*
30 *pupil in the schools or programs operated by the county*
31 *superintendent of schools has sufficient access to the*
32 *standards-aligned instructional materials as determined pursuant*
33 *to Section 60119, and school facilities are maintained in good*
34 *repair as specified in subdivision (d) of Section 17002.*

35 *(2) Implementation of the academic content and performance*
36 *standards adopted by the state board, including how the programs*
37 *and services will enable English learners to access the common*
38 *core academic content standards adopted pursuant to Section*
39 *60605.8 and the English language development standards adopted*

1 pursuant to Section 60811.3 for purposes of gaining academic
2 content knowledge and English language proficiency.

3 (3) Parental involvement, including efforts the county
4 superintendent of schools makes to seek parent input in making
5 decisions for each individual schoolsite and program operated by
6 a county superintendent of schools, and including how the county
7 superintendent of schools will promote parental participation in
8 programs for unduplicated pupils and individuals with exceptional
9 needs.

10 (4) Pupil achievement, as measured by all of the following, as
11 applicable:

12 (A) Statewide assessments administered pursuant to Article 4
13 (commencing with Section 60640) of Chapter 5 of Part 33 or any
14 subsequent assessment, as certified by the state board.

15 (B) The Academic Performance Index, as described in Section
16 52052.

17 (C) The percentage of pupils who have successfully completed
18 courses that satisfy the requirements for entrance to the University
19 of California and the California State University, or career
20 technical education sequences or clusters of courses that satisfy
21 the requirements of subdivision (a) of Section 52302, subdivision
22 (a) of Section 52372.5, or paragraph (2) of subdivision (e) of
23 Section 54692, and align with state board-approved career
24 technical education standards and frameworks.

25 (D) The percentage of English learner pupils who make progress
26 toward English proficiency as measured by the California English
27 Language Development Test or any subsequent assessment of
28 English proficiency, as certified by the state board.

29 (E) The English learner reclassification rate.

30 (F) The percentage of pupils who have passed an advanced
31 placement examination with a score of 3 or higher.

32 (G) The percentage of pupils who participate in, and
33 demonstrate college preparedness pursuant to, the Early
34 Assessment Program, as described in Chapter 6 (commencing with
35 Section 99300) of Part 65 of Division 14 of Title 3, or any
36 subsequent assessment of college preparedness.

37 (5) Pupil engagement, as measured by all of the following, as
38 applicable:

39 (A) School attendance rates.

40 (B) Chronic absenteeism rates.

1 (C) Middle school dropout rates, as described in paragraph (3)
2 of subdivision (a) of Section 52052.1.

3 (D) High school dropout rates.

4 (E) High school graduation rates.

5 (6) School climate, as measured by all of the following, as
6 applicable:

7 (A) Pupil suspension rates.

8 (B) Pupil expulsion rates.

9 (C) Other local measures, including surveys of pupils, parents,
10 and teachers on the sense of safety and school connectedness.

11 (7) The extent to which pupils have access to, and are enrolled
12 in, a broad course of study that includes all of the subject areas
13 described in Section 51210 and subdivisions (a) to (i), inclusive,
14 of Section 51220, as applicable, including the programs and
15 services developed and provided to unduplicated pupils and
16 individuals with exceptional needs, and the program and services
17 that are provided to benefit these pupils as a result of the funding
18 received pursuant to Section 42238.02, as implemented by Section
19 42238.03.

20 (8) Pupil outcomes, if available, in the subject areas described
21 in Section 51210 and subdivisions (a) to (i), inclusive, of Section
22 51220, as applicable.

23 (9) How the county superintendent of schools will coordinate
24 instruction of expelled pupils pursuant to Section 48926.

25 (10) How the county superintendent of schools will coordinate
26 services for foster children, including, but not limited to, all of the
27 following:

28 (A) Working with the county child welfare agency to minimize
29 changes in school placement.

30 (B) Providing education-related information to the county child
31 welfare agency to assist the county child welfare agency in the
32 delivery of services to foster children, including, but not limited
33 to, educational status and progress information that is required
34 to be included in court reports.

35 (C) Responding to requests from the juvenile court for
36 information and working with the juvenile court to ensure the
37 delivery and coordination of necessary educational services.

38 (D) Establishing a mechanism for the efficient expeditious
39 transfer of health and education records and the health and
40 education passport.

1 (e) For purposes of the descriptions required by subdivision
2 (c), a county board of education may consider qualitative
3 information, including, but not limited to, findings that result from
4 school quality reviews conducted pursuant to subparagraph (J)
5 or paragraph (4) of subdivision (a) of Section 52052 or any other
6 reviews.

7 (f) To the extent practicable, data reported in a local control
8 and accountability plan shall be reported in a manner consistent
9 with how information is reported on a school accountability report
10 card.

11 (g) The county superintendent of schools shall consult with
12 teachers, principals, administrators, other school personnel,
13 parents, and pupils in developing a local control and accountability
14 plan.

15 (h) A county board of education may identify local priorities,
16 goals in regard to the local priorities, and the method for
17 measuring the county office of education's progress toward
18 achieving those goals.

19 52067. (a) On or before July 1, 2015, and each year thereafter,
20 a county board of education shall update the local control and
21 accountability plan. The annual update shall be developed using
22 a template developed pursuant to Section 52064 and shall include
23 all of the following:

24 (1) A review of any changes in the applicability of the goals
25 described in paragraph (1) of subdivision (c) of Section 52066.

26 (2) A review of the progress toward the goals included in the
27 existing local control and accountability plan, an assessment of
28 the effectiveness of the specific actions described in the existing
29 local control and accountability plan toward achieving the goals,
30 and a description of changes to the specific actions the county
31 office of education will make as a result of the review and
32 assessment.

33 (3) A listing and description of the expenditures for the fiscal
34 year implementing the specific actions included in the local control
35 and accountability plan as a result of the reviews and assessment
36 required by paragraphs (1) and (2).

37 (4) A listing and description of expenditures for the fiscal year
38 that will serve the pupils to whom one or more of the definitions
39 in Section 42238.01 apply and pupils redesignated as fluent English
40 proficient.

1 ***(b) The expenditures identified in subdivision (a) shall be***
2 ***classified using the California School Accounting Manual pursuant***
3 ***to Section 41010.***

4 52068. ***(a) Before the county board of education considers the***
5 ***adoption of a local control and accountability plan or an annual***
6 ***update to the local control and accountability plan, all of the***
7 ***following shall occur:***

8 ***(1) The county superintendent of schools shall present the local***
9 ***control and accountability plan or annual update to the local***
10 ***control and accountability plan to a parent advisory committee***
11 ***established pursuant to Section 52069 for review and comment.***
12 ***The county superintendent of schools shall respond, in writing, to***
13 ***comments received from the parent advisory committee.***

14 ***(2) The county superintendent of schools shall present the local***
15 ***control and accountability plan or annual update to the local***
16 ***control and accountability plan to the English learner parent***
17 ***advisory committee established pursuant to Section 52069, if***
18 ***applicable, for review and comment. The county superintendent***
19 ***of schools shall respond, in writing, to comments received from***
20 ***the English learner parent advisory committee.***

21 ***(3) The county superintendent of schools shall notify members***
22 ***of the public of the opportunity to submit written comments***
23 ***regarding the specific actions and expenditures proposed to be***
24 ***included in the local control and accountability plan or annual***
25 ***update to the local control and accountability plan, using the most***
26 ***efficient method of notification possible. This paragraph shall not***
27 ***require a county superintendent of schools to produce printed***
28 ***notices or to send notices by mail.***

29 ***(4) The county superintendent of schools shall review school***
30 ***plans submitted pursuant to Section 64001 for schools operated***
31 ***by the county superintendent of schools and ensure that the specific***
32 ***actions included in the local control and accountability plan or***
33 ***annual update to the local control and accountability plan are***
34 ***consistent with strategies included in the school plans submitted***
35 ***pursuant to Section 64001.***

36 ***(b) (1) The county board of education shall hold at least one***
37 ***public hearing to solicit the recommendations and comments of***
38 ***members of the public regarding the specific actions and***
39 ***expenditures proposed to be included in the local control and***
40 ***accountability plan or annual update to the local control and***

1 accountability plan. The agenda for the public hearing shall be
2 posted at least 72 hours before the public hearing and shall include
3 the location where the local control and accountability plan or
4 annual update to the local control and accountability plan, and
5 any comments received pursuant to paragraphs (1) to (3), inclusive,
6 of subdivision (a), will be available for public inspection. The
7 public hearing shall be held at the same meeting as the public
8 hearing required by Section 1620.

9 (2) The county board of education shall adopt a local control
10 and accountability plan or annual update to the local control and
11 accountability plan in a public meeting. This meeting shall be held
12 after, but not on the same day as, the public hearing held pursuant
13 to paragraph (1). This meeting shall be the same meeting as that
14 during which the county board of education adopts a budget
15 pursuant to Section 1622.

16 (c) A county superintendent of schools may develop and present
17 to a county board of education for adoption revisions to a local
18 control and accountability plan during the period the local control
19 and accountability plan is in effect. The county board of education
20 may only adopt a revision to a local control and accountability
21 plan if it follows the process to adopt a local control and
22 accountability plan pursuant to this section and the revisions are
23 adopted in a public meeting.

24 52069. (a) (1) A county superintendent of schools shall
25 establish a parent advisory committee to provide advice to the
26 county board of education and the county superintendent of schools
27 regarding the requirements of this article.

28 (2) A parent advisory committee shall include parents or legal
29 guardians of pupils to whom one or more of the definitions in
30 Section 42238.01 apply.

31 (3) This subdivision shall not require the county superintendent
32 of schools to establish a new parent advisory committee if the
33 county superintendent of schools already has established a parent
34 advisory committee that meets the requirements of this subdivision,
35 including any committee established to meet the requirements of
36 the federal No Child Left Behind Act of 2001 (Public Law 107-110)
37 pursuant to Section 1112 of Subpart 1 of Part A of Title I of that
38 act.

39 (b) (1) A county superintendent of schools shall establish an
40 English learner parent advisory committee if the enrollment of the

1 *pupils in the schools and programs operated by the county*
2 *superintendent of schools includes at least 15 percent English*
3 *learners and the schools and programs operated by the county*
4 *superintendent of schools enroll at least 50 pupils who are English*
5 *learners.*

6 *(2) This subdivision shall not require the county superintendent*
7 *of schools to establish a new English learner parent advisory*
8 *committee if the county superintendent of schools already has*
9 *established a committee that meets the requirements of this*
10 *subdivision.*

11 *52070. (a) Not later than five days after adoption of a local*
12 *control and accountability plan or annual update to a local control*
13 *and accountability plan, the governing board of a school district*
14 *shall file the local control and accountability plan or annual update*
15 *to the local control and accountability plan with the county*
16 *superintendent of schools.*

17 *(b) On or before August 15 of each year, the county*
18 *superintendent of schools may seek clarification, in writing, from*
19 *the governing board of a school district about the contents of the*
20 *local control and accountability plan or annual update to the local*
21 *control and accountability plan. Within 15 days the governing*
22 *board of a school district shall respond, in writing, to requests for*
23 *clarification.*

24 *(c) Within 15 days of receiving the response from the governing*
25 *board of the school district, the county superintendent of schools*
26 *may submit recommendations, in writing, for amendments to the*
27 *local control and accountability plan or annual update to the local*
28 *control and accountability plan. The governing board of a school*
29 *district shall consider the recommendations submitted by the county*
30 *superintendent of schools in a public meeting within 15 days of*
31 *receiving the recommendations.*

32 *(d) The county superintendent of schools shall approve a local*
33 *control and accountability plan or annual update to a local control*
34 *and accountability plan on or before October 8, if he or she*
35 *determines both of the following:*

36 *(1) The local control and accountability plan or annual update*
37 *to the local control and accountability plan adheres to the template*
38 *adopted by the state board pursuant to Section 52064.*

39 *(2) The budget for the applicable fiscal year adopted by the*
40 *governing board of the school district includes expenditures*

1 *sufficient to implement the specific actions and strategies included*
2 *in the local control and accountability plan adopted by the*
3 *governing board of the school district, based on the projections*
4 *of the costs included in the plan.*

5 *(e) If a county superintendent of schools has jurisdiction over*
6 *a single school district, the Superintendent shall designate a county*
7 *superintendent of schools of an adjoining county to perform the*
8 *duties specified in this section.*

9 *52070.5. (a) Not later than five days after adoption of a local*
10 *control and accountability plan or annual update to a local control*
11 *and accountability plan, the county board of education shall file*
12 *the local control and accountability plan or annual update to the*
13 *local control and accountability plan with the Superintendent.*

14 *(b) On or before August 15 of each year, the Superintendent*
15 *may seek clarification, in writing, from the county board of*
16 *education about the contents of the local control and accountability*
17 *plan or annual update to the local control and accountability plan.*
18 *Within 15 days the county board of education shall respond, in*
19 *writing, to requests for clarification.*

20 *(c) Within 15 days of receiving the response from the county*
21 *board of education, the Superintendent may submit*
22 *recommendations, in writing, for amendments to the local control*
23 *and accountability plan or annual update to the local control and*
24 *accountability plan. The county board of education shall consider*
25 *the recommendations submitted by the Superintendent in a public*
26 *meeting within 15 days of receiving the recommendations.*

27 *(d) The Superintendent shall approve a local control and*
28 *accountability plan or annual update to a local control and*
29 *accountability plan on or before October 8, if he or she determines*
30 *both of the following:*

31 *(1) The local control and accountability plan or annual update*
32 *to the local control and accountability plan adheres to the template*
33 *adopted by the state board pursuant to Section 52064.*

34 *(2) The budget for the applicable fiscal year adopted by the*
35 *county board of education includes expenditures sufficient to*
36 *implement the specific actions and strategies included in the local*
37 *control and accountability plan adopted by the county board of*
38 *education, based on the projections of the costs included in the*
39 *plan.*

1 52071. (a) If a county superintendent of schools does not
2 approve a local control and accountability plan or annual update
3 to the local control and accountability plan approved by a
4 governing board of a school district, or if the governing board of
5 a school district requests technical assistance, the county
6 superintendent of schools shall provide technical assistance,
7 including, among other things, any of the following:

8 (1) Identification of the school district's strengths and
9 weaknesses in regard to the state priorities described in subdivision
10 (d) of Section 52060, communicated in writing to the school
11 district. This identification shall include a review of effective,
12 evidence-based programs that apply to the school district's goals.

13 (2) Assignment of an academic expert or team of academic
14 experts to assist the school district in identifying and implementing
15 effective programs that are designed to improve the outcomes for
16 all pupil subgroups identified pursuant to Section 52052. The
17 county superintendent of schools may also solicit another school
18 district within the county to act as a partner to the school district
19 in need of technical assistance.

20 (3) Request that the Superintendent assign the California
21 Collaborative for Educational Excellence to provide advice and
22 assistance to the school district.

23 (b) Using an evaluation rubric adopted by the state board
24 pursuant to Section 52064.5, the county superintendent of schools
25 shall provide the technical assistance described in subdivision (a)
26 to any school district that fails to improve pupil achievement across
27 more than one state priority described in subdivision (d) of Section
28 52060 for one or more pupil subgroup identified pursuant to
29 Section 52052.

30 (c) Technical assistance provided pursuant to this section at
31 the request of a school district shall be paid for by the school
32 district requesting the assistance.

33 52071.5. (a) If the Superintendent does not approve a local
34 control and accountability plan or annual update to the local
35 control and accountability plan approved by a county board of
36 education, or if the county board of education requests technical
37 assistance, the Superintendent shall provide technical assistance,
38 including, among other things, any of the following:

39 (1) Identification of the county board of education's strengths
40 and weaknesses in regard to the state priorities described in

1 subdivision (d) of Section 52066, communicated in writing to the
2 county board of education. This identification shall include a
3 review of effective, evidence-based programs that apply to the
4 board's goals.

5 (2) Assignment of an academic expert or team of academic
6 experts, or the California Collaborative for Educational Excellence
7 established pursuant to Section 52074, to assist the county board
8 of education in identifying and implementing effective programs
9 that are designed to improve the outcomes for all pupil subgroups
10 identified pursuant to Section 52052. The Superintendent may also
11 solicit another county office of education to act as a partner to the
12 county office of education in need of technical assistance.

13 (b) Using an evaluation rubric adopted by the state board
14 pursuant to Section 52064.5, the Superintendent shall provide the
15 technical assistance described in subdivision (a) to any county
16 office of education that fails to improve pupil achievement in
17 regard to more than one state priority described in subdivision
18 (d) of Section 52066 for one or more pupil subgroups identified
19 pursuant to Section 52052.

20 (c) Technical assistance provided pursuant to this section at
21 the request of a county board of education shall be paid for by the
22 county board of education receiving assistance.

23 52072. (a) The Superintendent may, with the approval of the
24 state board, identify school districts in need of intervention.

25 (b) The Superintendent shall only intervene in a school district
26 that meets both of the following criteria:

27 (1) The school district did not improve the outcomes for three
28 or more pupil subgroups identified pursuant to Section 52052 or,
29 if the school district has less than three pupil subgroups, all of the
30 school district's pupil subgroups, in regard to more than one state
31 or local priority in three out of four consecutive school years.

32 (2) The California Collaborative for Educational Excellence
33 has provided advice and assistance to the school district pursuant
34 to Section 52071 and submits either of the following findings to
35 the Superintendent:

36 (A) That the school district has failed, or is unable, to implement
37 the recommendations of the California Collaborative for
38 Educational Excellence.

39 (B) That the inadequate performance of the school district,
40 based upon an evaluation rubric adopted pursuant to Section

1 52064.5, is either so persistent or acute as to require intervention
2 by the Superintendent.

3 (c) For school districts identified pursuant to subdivision (a),
4 the Superintendent may, with the approval of the state board, do
5 one or more of the following:

6 (1) Make changes to a local control and accountability plan
7 adopted by the governing board of the school district.

8 (2) Develop and impose a budget revision, in conjunction with
9 revisions to the local control and accountability plan, that the
10 Superintendent determines would allow the school district to
11 improve the outcomes for all pupil subgroups identified pursuant
12 to Section 52052 in regard to state and local priorities.

13 (3) Stay or rescind an action, if that action is not required by a
14 local collective bargaining agreement, that would prevent the
15 school district from improving outcomes for all pupil subgroups
16 identified pursuant to Section 52052 in regard to state or local
17 priorities.

18 (4) Appoint an academic trustee to exercise the powers and
19 authority specified in this section on his or her behalf.

20 (d) The Superintendent shall notify the county superintendent
21 of schools, the county board of education, the superintendent of
22 the school district, and the governing board of the school district
23 of any action by the state board to direct him or her to exercise
24 any of the powers and authorities specified in this section.

25 52072.5. (a) The Superintendent may, with the approval of
26 the state board, identify county offices of education in need of
27 intervention.

28 (b) The Superintendent shall only intervene in a county office
29 of education that meets both of the following criteria:

30 (1) The county office of education did not improve the outcomes
31 for three or more pupil subgroups identified pursuant to Section
32 52052 or, if the county office of education has less than three pupil
33 subgroups, all of the county office of education's pupil subgroups,
34 in regard to more than one state or local priority in three out of
35 four consecutive school years.

36 (2) The California Collaborative for Educational Excellence
37 has provided advice and assistance to the county office of education
38 pursuant to Section 52071.5 and submits either of the following
39 findings to the Superintendent:

1 (A) That the county office of education has failed, or is unable,
2 to implement the recommendations of the California Collaborative
3 for Educational Excellence.

4 (B) That the inadequate performance of the county office of
5 education, based upon an evaluation rubric adopted pursuant to
6 Section 52064.5, is either so persistent or acute as to require
7 intervention by the Superintendent.

8 (c) For county offices of education identified pursuant to
9 subdivision (a), the Superintendent may, with the approval of the
10 state board, do one or more of the following:

11 (1) Make changes to a local control and accountability plan
12 adopted by the county board of education.

13 (2) Develop and impose a budget revision, in conjunction with
14 revisions to the local control and accountability plan, that the
15 Superintendent determines would allow the county office of
16 education to improve the outcomes for all pupil subgroups
17 identified pursuant to Section 52052 in regard to state and local
18 priorities.

19 (3) Stay or rescind an action, if that action is not required by a
20 local collective bargaining agreement, that would prevent the
21 county office of education from improving outcomes for all pupil
22 subgroups identified pursuant to Section 52052 in regard to state
23 or local priorities.

24 (4) Appoint an academic trustee to exercise the powers and
25 authority specified in this section on his or her behalf.

26 (d) The Superintendent shall notify the county board of
27 education and the county superintendent of schools, in writing, of
28 any action by the state board to direct him or her to exercise any
29 of the powers and authorities specified in this section.

30 52074. (a) The California Collaborative for Educational
31 Excellence is hereby established.

32 (b) The purpose of the California Collaborative for Educational
33 Excellence is to advise and assist school districts, county
34 superintendents of schools, and charter schools in achieving the
35 goals set forth in a local control and accountability plan adopted
36 pursuant to this article.

37 (c) The Superintendent shall, with the approval of the state
38 board, contract with individuals, local educational agencies, or
39 organizations with the expertise, experience, and a record of
40 success to carry out the purposes of this article. The areas of

1 *expertise, experience, and record of success shall include, but are*
2 *not limited to, all of the following:*

3 *(1) State priorities as described in subdivision (d) of Section*
4 *52060.*

5 *(2) Improving the quality of teaching.*

6 *(3) Improving the quality of school district and schoolsite*
7 *leadership.*

8 *(4) Successfully addressing the needs of special pupil*
9 *populations, including, but not limited to, English learners, pupils*
10 *eligible to receive a free or reduced-price meal, pupils in foster*
11 *care, and individuals with exceptional needs.*

12 *(d) The Superintendent may direct the California Collaborative*
13 *for Educational Excellence to advise and assist a school district,*
14 *county superintendent of schools, or charter school in any of the*
15 *following circumstances:*

16 *(1) If the governing board of a school district, county board of*
17 *education, or governing body or a charter school requests the*
18 *advice and assistance of the California Collaborative for*
19 *Educational Excellence.*

20 *(2) If the county superintendent of schools of the county in which*
21 *the school district or charter school is located determines,*
22 *following the provision of technical assistance pursuant to Section*
23 *52071 or 47607.3 as applicable, that the advice and assistance of*
24 *the California Collaborative for Educational Excellence is*
25 *necessary to help the school district or charter school accomplish*
26 *the goals described in the local control and accountability plan*
27 *adopted pursuant to this article.*

28 *(3) If the Superintendent determines that the advice and*
29 *assistance of the California Collaborative for Educational*
30 *Excellence is necessary to help the school district, county*
31 *superintendent of schools, or charter school accomplish the goals*
32 *set forth in the local control and accountability plan adopted*
33 *pursuant to this article.*

34 *52075. (a) A complaint that a school district, county*
35 *superintendent of schools, or charter school has not complied with*
36 *the requirements of this article or Sections 47606.5 and 47607.3,*
37 *as applicable, may be filed with a school district, county*
38 *superintendent of schools, or charter school pursuant to the*
39 *Uniform Complaint Procedures set forth in Chapter 5.1*

1 *(commencing with Section 4600) of Division 1 of Title 5 of the*
2 *California Code of Regulations.*

3 *(b) A complaint may be filed anonymously if the complaint*
4 *provides evidence or information leading to evidence to support*
5 *an allegation of noncompliance with the requirements of this*
6 *article.*

7 *(c) A complainant not satisfied with the decision of a school*
8 *district, county superintendent of schools, or charter school may*
9 *appeal the decision to the Superintendent and shall receive a*
10 *written appeal decision within 60 days of the Superintendent's*
11 *receipt of the appeal.*

12 *(d) If a school district, county superintendent of schools, or*
13 *charter school finds merit in a complaint, or the Superintendent*
14 *finds merit in an appeal, the school district, county superintendent*
15 *of schools, or charter school shall provide a remedy to all affected*
16 *pupils, parents, and guardians.*

17 *(e) Information regarding the requirements of this article shall*
18 *be included in the annual notification distributed to pupils, parents*
19 *and guardians, employees, and other interested parties pursuant*
20 *to Section 4622 of Title 5 of the California Code of Regulations*
21 *or any successor regulation.*

22 *(f) School districts, county superintendents of schools, and*
23 *charter schools shall establish local policies and procedures to*
24 *implement the provisions of this section on or before June 30,*
25 *2014.*

26 *52076. Notwithstanding any other law, this article shall not*
27 *be subject to waiver by the state board pursuant to Section 33050*
28 *or by the Superintendent.*

29 *52077. If any activities authorized pursuant to this article and*
30 *implementing regulations are found to be a state reimbursable*
31 *mandate pursuant to Section 6 of Article XIII B of the California*
32 *Constitution, funding provided for school districts and county*
33 *offices of education pursuant to Sections 2574, 2575, 42238.02,*
34 *and 42238.03 shall be used to directly offset any mandated costs.*

35 *SEC. 104. Section 56365 of the Education Code is amended*
36 *to read:*

37 *56365. (a) Services provided by nonpublic, nonsectarian*
38 *schools, as defined pursuant to Section 56034, and nonpublic,*
39 *nonsectarian agencies, as defined pursuant to Section 56035, shall*
40 *be made available. These services shall be provided pursuant to*

1 Section 56366, and in accordance with Section 300.146 of Title
2 34 of the Code of Federal Regulations, under contract with the
3 local educational agency to provide the appropriate special
4 educational facilities, special education, or designated instruction
5 and services required by the individual with exceptional needs if
6 no appropriate public education program is available.

7 (b) Pupils enrolled in nonpublic, nonsectarian schools and
8 agencies under this section shall be deemed to be enrolled in public
9 schools for all purposes of Chapter 4 (commencing with Section
10 41600) of Part 24 of *Division 3* and Section ~~42238~~ 42238.02. The
11 local educational agency shall be eligible to receive allowances
12 under Articles 3 (commencing with Section 56836.165) and 4
13 (commencing with Section 56836.20) of Chapter 7.2 for services
14 that are provided to individuals with exceptional needs pursuant
15 to the contract.

16 (c) If the state participates in the federal program of assistance
17 for state-operated or state-supported programs for individuals with
18 exceptional needs—~~P.L.~~ (*Public Law* 89-313, Sec. 6), pupils
19 enrolled in nonpublic, nonsectarian schools shall be deemed to be
20 enrolled in state-supported institutions for all purposes of that
21 program and shall be eligible to receive allowances under Chapter
22 7.2 (commencing with Section 56836) for supplemental services
23 provided to individuals with exceptional needs pursuant to a
24 contract with a local educational agency. In order to participate in
25 the federal program, the state shall find that participation will not
26 result in any additional expenditures from the General Fund.

27 (d) The local educational agency shall pay to the nonpublic,
28 nonsectarian school or agency the full amount of the tuition for
29 individuals with exceptional needs that are enrolled in programs
30 provided by the nonpublic, nonsectarian school pursuant to the
31 contract.

32 (e) Before contracting with a nonpublic, nonsectarian school or
33 agency outside of this state, the local educational agency shall
34 document its efforts to utilize public schools or to locate an
35 appropriate nonpublic, nonsectarian school or agency program, or
36 both, within the state.

37 (f) If a local educational agency places a pupil with a nonpublic,
38 nonsectarian school or agency outside of this state, the pupil's
39 individualized education program team shall submit a report to
40 the Superintendent within 15 days of the placement decision. The

1 report shall include information about the special education and
2 related services provided by the out-of-state program placement
3 and the costs of the special education and related services provided,
4 and shall indicate the efforts of the local educational agency to
5 locate an appropriate public school or nonpublic, nonsectarian
6 school or agency, or a combination thereof, within the state. The
7 Superintendent shall submit a report to the board on all placements
8 made outside of this state.

9 (g) If a local educational agency decides to place a pupil with
10 a nonpublic, nonsectarian school or agency outside of this state,
11 that local educational agency shall indicate the anticipated date
12 for the return of the pupil to a public or nonpublic, nonsectarian
13 school or agency placement, or a combination thereof, located in
14 the state and shall document efforts during the previous placement
15 year to return the pupil.

16 (h) In addition to meeting the requirements of Section 56366.1,
17 a nonpublic, nonsectarian school or agency that operates a program
18 outside of this state shall be certified or licensed by that state to
19 provide, respectively, special education and related services and
20 designated instruction and related services to pupils under the
21 federal Individuals with Disabilities Education Act (20 U.S.C. Sec.
22 1400 et seq.).

23 (i) A nonpublic, nonsectarian school or agency that is located
24 outside of this state is eligible for certification pursuant to Section
25 56366.1 only if a pupil is enrolled in a program operated by that
26 school or agency pursuant to the recommendation of an
27 individualized education program team in California, and if that
28 pupil's parents or guardians reside in California.

29 (j) In accordance with Section 300.147(b) and (c) of Title 34 of
30 the Code of Federal Regulations, the department shall disseminate
31 copies of applicable standards to each nonpublic, nonsectarian
32 school and nonpublic, nonsectarian agency to which a local
33 educational agency has referred or placed an individual with
34 exceptional needs and shall provide an opportunity for those
35 nonpublic, nonsectarian schools and nonpublic, nonsectarian
36 agencies to participate in the development and revision of state
37 standards that apply to those entities.

38 *SEC. 105. Section 56366.1 of the Education Code is amended*
39 *to read:*

1 56366.1. (a) A nonpublic, nonsectarian school or agency that
2 seeks certification shall file an application with the Superintendent
3 on forms provided by the department and include the following
4 information on the application:

5 (1) A description of the special education and designated
6 instruction and services provided to individuals with exceptional
7 needs if the application is for nonpublic, nonsectarian school
8 certification.

9 (2) A description of the designated instruction and services
10 provided to individuals with exceptional needs if the application
11 is for nonpublic, nonsectarian agency certification.

12 (3) A list of appropriately qualified staff, a description of the
13 credential, license, or registration that qualifies each staff member
14 rendering special education or designated instruction and services
15 to do so, and copies of their credentials, licenses, or certificates of
16 registration with the appropriate state or national organization that
17 has established standards for the service rendered.

18 (4) An annual operating budget.

19 (5) Affidavits and assurances necessary to comply with all
20 applicable federal, state, and local laws and regulations that include
21 criminal record summaries required of all nonpublic, nonsectarian
22 school or agency personnel having contact with minor children
23 under Section 44237.

24 (b) (1) The applicant shall provide the special education local
25 plan area in which the applicant is located with the written
26 notification of its intent to seek certification or renewal of its
27 certification. The applicant shall submit on a form, developed by
28 the department, a signed verification by local educational agency
29 representatives that they have been notified of the intent to certify
30 or renew certification. The verification shall include a statement
31 that representatives of the local educational agency for the area in
32 which the applicant is located have had the opportunity to review
33 the application at least 60 calendar days prior to submission of an
34 initial application to the Superintendent, or at least 30 calendar
35 days prior to submission of a renewal application to the
36 Superintendent. The signed verification shall provide assurances
37 that local educational agency representatives have had the
38 opportunity to provide input on all required components of the
39 application.

1 (2) If the applicant has not received a response from the local
2 educational agency 60 calendar days from the date of the return
3 receipt for initial applications or 30 calendar days from the date
4 of the return receipt for renewal applications, the applicant may
5 file the application with the Superintendent. A copy of the return
6 receipt shall be included with the application as verification of
7 notification efforts to the local educational agency.

8 (3) The department shall mail renewal application materials to
9 certified nonpublic, nonsectarian schools and agencies at least 120
10 days ~~prior to~~ *before* the date their current certification expires.

11 (c) If the applicant operates a facility or program on more than
12 one site, each site shall be certified.

13 (d) If the applicant is part of a larger program or facility on the
14 same site, the Superintendent shall consider the effect of the total
15 program on the applicant. A copy of the policies and standards for
16 the nonpublic, nonsectarian school or agency and the larger
17 program shall be available to the Superintendent.

18 (e) ~~Prior to~~ *Before* certification, the Superintendent shall conduct
19 an onsite review of the facility and program for which the applicant
20 seeks certification. The Superintendent may be assisted by
21 representatives of the special education local plan area in which
22 the applicant is located and a nonpublic, nonsectarian school or
23 agency representative who does not have a conflict of interest with
24 the applicant. The Superintendent shall conduct an additional onsite
25 review of the facility and program within three years of the
26 effective date of the certification, unless the Superintendent
27 conditionally certifies the school or agency or unless the
28 Superintendent receives a formal complaint against the school or
29 agency. In the latter two cases, the Superintendent shall conduct
30 an onsite review at least annually.

31 (f) The Superintendent shall make a determination on an
32 application within 120 days of receipt of the application and shall
33 certify, conditionally certify, or deny certification to the applicant.
34 If the Superintendent fails to take one of these actions within 120
35 days, the applicant is automatically granted conditional certification
36 for a period terminating on August 31 of the current school year.
37 If certification is denied, the Superintendent shall provide reasons
38 for the denial. The Superintendent may certify the school or agency
39 for a period of not longer than one year.

1 (g) Certification becomes effective on the date the nonpublic,
2 nonsectarian school or agency meets all the application
3 requirements and is approved by the Superintendent. Certification
4 may be retroactive if the school or agency met all the requirements
5 of this section on the date the retroactive certification is effective.
6 Certification expires on December 31 of the terminating year.

7 (h) The Superintendent annually shall review the certification
8 of each nonpublic, nonsectarian school and agency. For this
9 purpose, a certified school or agency annually shall update its
10 application between August 1 and October 31, unless the board
11 grants a waiver pursuant to Section 56101. The Superintendent
12 may conduct an onsite review as part of the annual review.

13 (i) (1) The Superintendent shall conduct an investigation of a
14 nonpublic, nonsectarian school or agency onsite at any time without
15 prior notice if there is substantial reason to believe that there is an
16 immediate danger to the health, safety, or welfare of a child. The
17 Superintendent shall document the concern and submit it to the
18 nonpublic, nonsectarian school or agency at the time of the onsite
19 investigation. The Superintendent shall require a written response
20 to any noncompliance or deficiency found.

21 (2) With respect to a nonpublic, nonsectarian school, the
22 Superintendent shall conduct an investigation, which may include
23 an unannounced onsite visit, if the Superintendent receives
24 evidence of a significant deficiency in the quality of educational
25 services provided, a violation of Section 56366.9, or
26 noncompliance with the policies expressed by subdivision (b) of
27 Section 1501 of the Health and Safety Code by the nonpublic,
28 nonsectarian school. The Superintendent shall document the
29 complaint and the results of the investigation and shall provide
30 copies of the documentation to the complainant, the nonpublic,
31 nonsectarian school, and the contracting local educational agency.

32 (3) Violations or noncompliance documented pursuant to
33 paragraph (1) or (2) shall be reflected in the status of the
34 certification of the school, at the discretion of the Superintendent,
35 pending an approved plan of correction by the nonpublic,
36 nonsectarian school. The department shall retain for a period of
37 10 years all violations pertaining to certification of the nonpublic,
38 nonsectarian school or agency.

39 (j) The Superintendent shall monitor the facilities, the
40 educational environment, and the quality of the educational

1 program, including the teaching staff, the credentials authorizing
2 service, the standards-based core curriculum being employed, and
3 the standard-focused instructional materials used, of an existing
4 certified nonpublic, nonsectarian school or agency on a three-year
5 cycle, as follows:

6 (1) The nonpublic, nonsectarian school or agency shall complete
7 a self-review in year one.

8 (2) The Superintendent shall conduct an onsite review of the
9 nonpublic, nonsectarian school or agency in year two.

10 (3) The Superintendent shall conduct a followup visit to the
11 nonpublic, nonsectarian school or agency in year three.

12 (k) (1) Notwithstanding any other ~~provision~~ of law, the
13 Superintendent shall not certify a nonpublic, nonsectarian school
14 or agency that proposes to initiate or expand services to pupils
15 currently educated in the immediate prior fiscal year in a juvenile
16 court program, community school pursuant to Section 56150, or
17 other nonspecial education program, including independent study
18 or adult school, or both, unless the nonpublic, nonsectarian school
19 or agency notifies the county superintendent of schools and the
20 special education local plan area in which the proposed new or
21 expanded nonpublic, nonsectarian school or agency is located of
22 its intent to seek certification.

23 (2) The notification shall occur no later than the December 1
24 ~~prior to~~ *before* the new fiscal year in which the proposed or
25 expanding school or agency intends to initiate services. The notice
26 shall include the following:

27 (A) The specific date upon which the proposed nonpublic,
28 nonsectarian school or agency is to be established.

29 (B) The location of the proposed program or facility.

30 (C) The number of pupils proposed for services, the number of
31 pupils currently served in the juvenile court, community school,
32 or other nonspecial education program, the current school services
33 including special education and related services provided for these
34 pupils, and the specific program of special education and related
35 services to be provided under the proposed program.

36 (D) The reason for the proposed change in services.

37 (E) The number of staff who will provide special education and
38 designated instruction and services and hold a current valid
39 California credential or license in the service rendered.

1 (3) In addition to the requirements in subdivisions (a) to (f),
2 inclusive, the Superintendent shall require and consider the
3 following in determining whether to certify a nonpublic,
4 nonsectarian school or agency as described in this subdivision:

5 (A) A complete statement of the information required as part
6 of the notice under paragraph (1).

7 (B) Documentation of the steps taken in preparation for the
8 conversion to a nonpublic, nonsectarian school or agency, including
9 information related to changes in the population to be served and
10 the services to be provided pursuant to each pupil's individualized
11 education program.

12 (4) Notwithstanding any other ~~provision of law~~, the certification
13 becomes effective no earlier than July 1 if the school or agency
14 provided the notification required pursuant to paragraph (1).

15 (l) (1) Notwithstanding any other ~~provision of law~~, the
16 Superintendent shall not certify or renew the certification of a
17 nonpublic, nonsectarian school or agency, unless all of the
18 following conditions are met:

19 (A) The entity operating the nonpublic, nonsectarian school or
20 agency maintains separate financial records for each entity that it
21 operates, with each nonpublic, nonsectarian school or agency
22 identified separately from any licensed children's institution that
23 it operates.

24 (B) The entity submits an annual budget that identifies the
25 projected costs and revenues for each entity and demonstrates that
26 the rates to be charged are reasonable to support the operation of
27 the entity.

28 (C) The entity submits an entitywide annual audit that identifies
29 its costs and revenues, by entity, in accordance with generally
30 accepted accounting and auditing principles. The audit shall clearly
31 document the amount of moneys received and expended on the
32 education program provided by the nonpublic, nonsectarian school.

33 (D) The relationship between various entities operated by the
34 same entity are documented, defining the responsibilities of the
35 entities. The documentation shall clearly identify the services to
36 be provided as part of each program, for example, the residential
37 or medical program, the mental health program, or the educational
38 program. The entity shall not seek funding from a public agency
39 for a service, either separately or as part of a package of services,

1 if the service is funded by another public agency, either separately
 2 or as part of a package of services.

3 (2) For purposes of this section, “licensed children’s institution”
 4 has the same meaning as it is defined by Section 56155.5.

5 (m) The school or agency shall be charged a reasonable fee for
 6 certification. The Superintendent may adjust the fee annually
 7 commensurate with the statewide average percentage inflation
 8 adjustment computed for ~~revenue limits~~ *local control funding*
 9 *formula allocations pursuant to Section 42238.02, as implemented*
 10 *by Section 42238.03*, of unified school districts with greater than
 11 1,500 units of average daily attendance if the percentage increase
 12 is reflected in the *school district revenue limit local control funding*
 13 *formula allocation pursuant to Section 42238.02, as implemented*
 14 *by Section 42238.03*, for inflation purposes. For purposes of this
 15 section, the base fee shall be the following:

16		
17	(1) 1–5 pupils	\$ 300
18	(2) 6–10 pupils	500
19	(3) 11–24 pupils	1,000
20	(4) 25–75 pupils	1,500
21	(5) 76 pupils and over	2,000
22		

23 The school or agency shall pay this fee when it applies for
 24 certification and when it updates its application for annual renewal
 25 by the Superintendent. The Superintendent shall use these fees to
 26 conduct onsite reviews, which may include field experts. No fee
 27 shall be refunded if the application is withdrawn or is denied by
 28 the Superintendent.

29 (n) (1) Notwithstanding any other ~~provision of law~~, only those
 30 nonpublic, nonsectarian schools and agencies that provide special
 31 education and designated instruction and services utilizing staff
 32 who hold a certificate, permit, or other document equivalent to
 33 that which staff in a public school are required to hold in the service
 34 rendered are eligible to receive certification. Only those nonpublic,
 35 nonsectarian schools or agencies located outside of California that
 36 employ staff who hold a current valid credential or license to render
 37 special education and related services as required by that state shall
 38 be eligible to be certified.

39 (2) The board shall develop regulations to implement this
 40 subdivision.

1 (o) In addition to meeting the standards adopted by the board,
2 a nonpublic, nonsectarian school or agency shall provide written
3 assurances that it meets all applicable standards relating to fire,
4 health, sanitation, and building safety.

5 *SEC. 106. Section 56836.21 of the Education Code is amended*
6 *to read:*

7 56836.21. (a) The department shall administer an extraordinary
8 cost pool to protect special education local plan areas from the
9 extraordinary costs associated with single placements as described
10 in subdivision (d). Funds shall be appropriated for this purpose in
11 the annual Budget Act. Special education local plan areas shall be
12 eligible for reimbursement from this pool in accordance with this
13 section.

14 (b) The threshold amount for claims under this section shall be
15 the lesser of the following:

16 (1) One percent of the allocation calculated pursuant to Section
17 56836.08 for the special education local plan area for the current
18 fiscal year for any special education local plan area that meets the
19 criteria in Section 56212.

20 (2) The department shall calculate the average cost of a
21 nonpublic, nonsectarian school placement in the 1997–98 fiscal
22 year. This amount shall be multiplied by 2.5, then by one plus the
23 inflation factor computed pursuant to Section 42238.1, *as that*
24 *section read on January 1, 2013*, to obtain the alternative threshold
25 amount for claims in the 1998–99 fiscal year. In subsequent fiscal
26 years, the alternative threshold amount shall be the alternative
27 threshold amount for the prior fiscal year multiplied by one plus
28 the inflation factor computed pursuant to Section 42238.1, *as that*
29 *section read on January 1, 2013, through the 2012–13 fiscal year*
30 *and, commencing with the 2013–14 fiscal year, paragraph (2) of*
31 *subdivision (d) of Section 42238.02.*

32 (c) Special education local plan areas are eligible to submit
33 claims for costs exceeding the threshold amount on forms
34 developed by the department. All claims for a fiscal year shall be
35 submitted by November 30 following the close of the fiscal year.
36 If the total amount claimed by special education local plan areas
37 exceeds the amount appropriated, the claims shall be prorated.

38 (d) Special education local plan areas are eligible to submit
39 claims for the costs of nonpublic, nonsectarian school placements
40 in excess of those in existence in the 1997–98 fiscal year and of

1 special education and related services for pupils who reside in
2 licensed children's institutions.

3 *SEC. 107. Section 56836.24 of the Education Code is amended*
4 *to read:*

5 56836.24. Commencing with the 1998–99 fiscal year and each
6 year thereafter, the ~~superintendent~~ *Superintendent* shall make the
7 following computations to determine the amount of funding for
8 the purposes specified in Section 56836.23 to apportion to each
9 special education local plan area for the fiscal year in which the
10 computation is made:

11 (a) For the 1998–99 fiscal year the superintendent shall make
12 the following computations:

13 (1) Multiply the total amount of state General Fund money
14 allocated to the special education local plan areas in the 1997–98
15 fiscal year, for the purposes of Article 9 (commencing with Section
16 56780) of Chapter 7, as that chapter existed on December 31, 1998,
17 by one plus the inflation factor computed pursuant to subdivision
18 (b) of Section 42238.1, *as that section read on January 1, 2013*,
19 for the 1998–99 fiscal year.

20 (2) Divide the amount calculated in paragraph (1) by the units
21 of average daily attendance, exclusive of average daily attendance
22 for absences excused pursuant to subdivision (b) of Section 46010
23 as that subdivision read on July 1, 1997, reported for the special
24 education local plan area for the 1997–98 fiscal year.

25 (3) To determine the amount to be allocated to each special
26 education local plan area in the 1998–99 fiscal year, the
27 superintendent shall multiply the amount computed in paragraph
28 (2) by the number of units of average daily attendance reported
29 for the special education local plan area for the 1998–99 fiscal
30 year, except that a special education local plan area designated as
31 a necessary small special education local plan area in accordance
32 with Section 56212 and reporting fewer than 15,000 units of
33 average daily attendance for the 1998–99 fiscal year shall be
34 deemed to have 15,000 units of average daily attendance, and no
35 special education local plan area shall receive less than it received
36 in the 1997–98 fiscal year.

37 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,
38 the ~~superintendent~~ *Superintendent* shall make the following
39 calculations:

(1) Multiply the amount determined in paragraph (2) of subdivision (a) by one plus the inflation factor computed pursuant to subdivision (b) of Section 42238.1, *as that section read on January 1, 2013, and commencing with the 2013–14 fiscal year, paragraph (2) of subdivision (d) of Section 42238.02* for the current fiscal year.

(2) Multiply the amount determined in paragraph (1) by the number of units of average daily attendance reported for the special education local plan area for the current fiscal year, except that a special education local plan area designated as a necessary small special education local plan area in accordance with Section 56212 and reporting fewer than 15,000 units of average daily attendance for the current fiscal year shall be deemed to have 15,000 units of average daily attendance.

SEC. 108. Section 7906 of the Government Code is amended to read:

7906. For school districts:

(a) “ADA” means a school district’s second principal apportionment units of average daily attendance as determined pursuant to ~~Section 42238.5~~ 42238.5 of the Education Code, including average daily attendance in summer school, regional occupational centers and programs, and apprenticeship programs, and excluding average daily attendance in adult education programs. All other units of average daily attendance including, but not limited to, special day classes for special education pupils, shall be included.

~~(1) For purposes of this subdivision, the average daily attendance of summer school programs shall be determined pursuant to subparagraph (F) of paragraph (1) of subdivision (a) of Section 14022.5 of the Education Code.~~

~~(2)~~

~~(1) For purposes of this subdivision, the average daily attendance of apprenticeship programs shall be determined pursuant to subparagraph (D) of paragraph (1) of subdivision (a) of Section 14022.5~~ Section 79149.1 of the Education Code.

~~(3) For the 2008–09, 2009–10, 2010–11, 2011–12, 2012–13, 2013–14, and 2014–15 fiscal years, the~~

(2) *For the 2008–09 fiscal year and each fiscal year thereafter, the average daily attendance of public school districts, including county superintendents of schools, serving kindergarten and grades*

1 to 12, inclusive, or any part thereof, shall include the same amount of average daily attendance for classes for supplemental instruction and regional occupational centers and programs that was used for purposes of this section for the 2007–08 fiscal year.

(b) “Foundation program level” means:

(1) For the 1978–79 fiscal year, one thousand two hundred forty-one dollars (\$1,241) for elementary school districts, one thousand three hundred twenty-two dollars (\$1,322) for unified school districts, and one thousand four hundred twenty-seven dollars (\$1,427) for high school districts.

(2) For the 1979–80 fiscal year to the 1986–87 fiscal year, inclusive, the levels specified in paragraph (1) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(3) For the 1986–87 fiscal year, the levels specified in paragraph (2) increased by one hundred eighty dollars (\$180) for elementary school districts, one hundred ninety-one dollars (\$191) for unified school districts, and two hundred seven dollars (\$207) for high school districts.

(4) For the 1987–88 fiscal year, the levels specified in paragraph (3) increased by the lesser of the change in cost of living or California per capita personal income for the preceding calendar year.

(5) For the 1988–89 fiscal year and each fiscal year thereafter, the foundation program level shall be the appropriations limit of the school district for the current fiscal year, plus amounts paid for any nonreimbursed court or federal mandates imposed on or after November 6, 1979, less the sum of the following:

(A) Interest earned on the proceeds of taxes during the current fiscal year.

(B) The 50 percent of miscellaneous funds received during the current fiscal year that are from the proceeds of taxes.

(C) Locally voted taxes received during the current fiscal year, such as parcel taxes or square foot taxes, unless for voter-approved bonded debt.

(D) Any other local proceeds of taxes received during the current fiscal year, other than local taxes which count towards the revenue limit, such as excess bond revenues transferred to a district’s general fund pursuant to Section 15234 of the Education Code.

1 (c) “Proceeds of taxes” shall be deemed to include subventions
2 received from the state only if those subventions are for one of the
3 following two purposes:

4 (1) Basic aid subventions of one hundred twenty dollars (\$120)
5 per ADA.

6 (2) Additional apportionments that, when added to the district’s
7 local revenues as defined in Section 42238 of the Education Code,
8 do not exceed the foundation program level for that district. In no
9 case shall subventions received from the state for reimbursement
10 of state mandates in accordance with the provisions of Section 6
11 of Article XIII B of the California Constitution or of Section 17561
12 or for reimbursement of court or federal mandates imposed on or
13 after November 6, 1979, be considered “proceeds of taxes” for
14 purposes of this section.

15 (d) Proceeds of taxes for a fiscal year shall not include any
16 proceeds of taxes within the district’s beginning balance or reserve,
17 unless those funds were not appropriated in a prior fiscal year.
18 Funds that were appropriated to a reserve or other fund referenced
19 in Section 5 of Article XIII B of the California Constitution shall
20 be deemed to be appropriated for the purpose of this paragraph.

21 (e) The remainder of the state apportionments, including special
22 purpose apportionments and categorical aid subventions shall not
23 be considered proceeds of taxes for a school district.

24 (f) Each school district shall report to the Superintendent of
25 Public Instruction and to the Director of Finance at least annually
26 its appropriations limit, its appropriations subject to limitation, the
27 amount of its state aid apportionments and subventions included
28 within the proceeds of taxes of the school district, and amounts
29 excluded from its appropriations limit, at a time and in a manner
30 prescribed by the Superintendent of Public Instruction and
31 approved by the Director of Finance.

32 (g) For the 1988–89 fiscal year and each fiscal year thereafter,
33 nothing in paragraph (2) of subdivision (c) shall be so construed
34 as to require that the amount determined pursuant to subdivision
35 (b) be multiplied by the amount determined pursuant to subdivision
36 (a) for purposes of determining the amount of state aid included
37 in school district “proceeds of taxes” for purposes of this section.

38 *SEC. 109. Section 50286 of the Government Code is amended*
39 *to read:*

1 50286. (a) If a contract is canceled under Section 50284, the
2 owner shall pay a cancellation fee equal to 12½ percent of the
3 current fair market value of the property, as determined by the
4 county assessor as though the property were free of the contractual
5 restriction.

6 (b) The cancellation fee shall be paid to the county auditor, at
7 the time and in the manner that the county auditor shall prescribe,
8 and shall be allocated by the county auditor to each jurisdiction in
9 the tax rate area in which the property is located in the same manner
10 as the auditor allocates the annual tax increment in that tax rate
11 area in that fiscal year.

12 (c) Notwithstanding any other ~~provision of law~~, revenue received
13 by a school district pursuant to this section shall be considered
14 property tax revenue for the purposes of Section ~~42238~~ 42238.02
15 *of the Education Code, as implemented pursuant to Section*
16 *42238.03* of the Education Code, and revenue received by a county
17 superintendent of schools pursuant to this section shall be
18 considered property tax revenue for ~~the~~ purposes of Article ~~3~~ 4
19 (commencing with Section ~~2550~~) 2570) of Chapter 12 of Part 2
20 of Division 1 of Title 1 of the Education Code.

21 *SEC. 110. Section 33492.78 of the Health and Safety Code is*
22 *amended to read:*

23 33492.78. (a) Section 33607.5 shall not apply to an agency
24 created pursuant to this article. For purposes of Sections ~~42238,~~
25 ~~84750,~~ 42238.02, 84750.5, and 84751 of the Education Code,
26 funds allocated pursuant to this section shall be treated as if they
27 were allocated pursuant to Section 33607.5.

28 (1) This section shall apply to each redevelopment project area
29 created pursuant to a redevelopment plan that contains the
30 provisions required by Section 33670 and is created pursuant to
31 this article. All the amounts calculated pursuant to this section
32 shall be calculated after the amount required to be deposited in the
33 Low and Moderate Income Housing Fund pursuant to Sections
34 33334.2, 33334.3, and 33334.6, as modified by Section 33492.76,
35 has been deducted from the total amount of tax-increment funds
36 received by the agency in the applicable fiscal year.

37 (2) The payments made pursuant to this section shall be in
38 addition to any amounts the school district or districts and
39 community college district or districts receive pursuant to
40 subdivision (a) of Section 33670. The agency shall reduce its

1 payments pursuant to this section to an affected school or
2 community college district by any amount the agency has paid,
3 directly or indirectly, pursuant to Section 33445, 33445.5, or 33446,
4 or any provision of law other than this section for, or in connection
5 with, a public facility owned or leased by that affected school or
6 community college district.

7 (3) (A) Of the total amount paid each year pursuant to this
8 section to school districts, 43.9 percent shall be considered to be
9 property taxes for the purposes of paragraph (1) of subdivision-~~(h)~~
10 ~~(j)~~ of Section-~~42238~~ 42238.02 of the Education Code, and 56.1
11 percent shall not be considered to be property taxes for the purposes
12 of that section, and shall be available to be used for educational
13 facilities.

14 (B) Of the total amount paid each year pursuant to this section
15 to community college districts, 47.5 percent shall be considered
16 to be property taxes for the purposes of Section-~~84750~~ 84751 of
17 the Education Code, and 52.5 percent shall not be considered to
18 be property taxes for the purposes of that section, and shall be
19 available to be used for educational facilities.

20 (C) Of the total amount paid each year pursuant to this section
21 to county offices of education, 19 percent shall be considered to
22 be property taxes for the purposes of paragraph (1) of subdivision
23 ~~(h)~~ (c) of Section-~~42238~~ 2575 of the Education Code, and 81
24 percent shall not be considered to be property taxes for the purposes
25 of that section, and shall be available to be used for educational
26 facilities.

27 (D) Of the total amount paid each year pursuant to this section
28 to special education, 19 percent shall be considered to be property
29 taxes for the purposes of paragraph (1) of subdivision-~~(h)~~ (j) of
30 Section-~~42238~~ 42238.02 of the Education Code, and 81 percent
31 shall not be considered to be property taxes for the purposes of
32 that section, and shall be available to be used for educational
33 facilities.

34 (4) Local education agencies that use funds received pursuant
35 to this section for educational facilities shall spend these funds at
36 schools that are any one of the following:

37 (A) Within the project area.

38 (B) Attended by students from the project area.

39 (C) Attended by students generated by projects that are assisted
40 directly by the redevelopment agency.

1 (D) Determined by a local education agency to be of benefit to
2 the project area.

3 (b) Commencing with the first fiscal year in which the agency
4 receives tax increments, and continuing through the last fiscal year
5 in which the agency receives tax increments, a redevelopment
6 agency created pursuant to this article shall pay to each affected
7 school and community college district an amount equal to the
8 product of 25 percent times the percentage share of total property
9 taxes collected that are allocated to each affected school or
10 community college district, including any amount allocated to each
11 district pursuant to Sections 97.03 and 97.035 of the Revenue and
12 Taxation Code times the total of the tax increments received by
13 the agency after the amount required to be deposited in the Low
14 and Moderate Income Housing Fund has been deducted.

15 (c) Commencing with the 11th fiscal year in which the agency
16 receives tax increments and continuing through the last fiscal year
17 in which the agency receives tax increments, a redevelopment
18 agency created pursuant to this article shall pay to each affected
19 school and community college district, in addition to the amounts
20 paid pursuant to subdivision (b), an amount equal to the product
21 of 21 percent times the percentage share of total property taxes
22 collected that are allocated to each affected school or community
23 college district, including any amount allocated to each district
24 pursuant to Sections 97.03 and 97.035 of the Revenue and Taxation
25 Code times the total of the first adjusted tax increments received
26 by the agency after the amount required to be deposited in the Low
27 and Moderate Income Housing Fund has been deducted. The first
28 adjusted tax increments received by the agency shall be calculated
29 by applying the tax rate against the amount of assessed value by
30 which the current year assessed value exceeds the first adjusted
31 base year assessed value. The first adjusted base year assessed
32 value is the assessed value of the project area in the 10th fiscal
33 year in which the agency receives tax increment.

34 (d) Commencing with the 31st fiscal year in which the agency
35 receives tax increments and continuing through the last fiscal year
36 in which the agency receives tax increments, a redevelopment
37 agency shall pay to the affected school and community college
38 districts, in addition to the amounts paid pursuant to subdivisions
39 (b) and (c), an amount equal to 14 percent times the percentage
40 share of total property taxes collected that are allocated to each

1 affected school or community college district, including any
2 amount allocated to each district pursuant to Sections 97.03 and
3 97.035 of the Revenue and Taxation Code times the total of the
4 second adjusted tax increments received by the agency after the
5 amount required to be deposited in the Low and Moderate Income
6 Housing Fund has been deducted. The second adjusted tax
7 increments received by the agency shall be calculated by applying
8 the tax rate against the amount of assessed value by which the
9 current year assessed value exceeds the second adjusted base year
10 assessed value. The second adjusted base year assessed value is
11 the assessed value of the project area in the 30th fiscal year in
12 which the agency receives tax increments.

13 (e) (1) The Legislature finds and declares both of the following:

14 (A) The payments made pursuant to this section are necessary
15 in order to alleviate the financial burden and detriment that affected
16 school and community college districts may incur as a result of
17 the adoption of a redevelopment plan, and payments made pursuant
18 to this section will benefit redevelopment project areas.

19 (B) The payments made pursuant to this section are the exclusive
20 payments that are required to be made by a redevelopment agency
21 to affected school and community college districts during the term
22 of a redevelopment plan.

23 (2) Notwithstanding any other provision of law, a redevelopment
24 agency shall not be required, either directly or indirectly, as a
25 measure to mitigate a significant environmental effect or as part
26 of any settlement agreement or judgment brought in any action to
27 contest the validity of a redevelopment plan pursuant to Section
28 33501, to make any other payments to affected school or
29 community college districts, or to pay for public facilities that will
30 be owned or leased to an affected school or community college
31 district.

32 (f) As used in this section, a “local education agency” includes
33 a school district, a community college district, or a county office
34 of education.

35 *SEC. 111. Section 33607.5 of the Health and Safety Code is*
36 *amended to read:*

37 33607.5. (a) (1) This section shall apply to each
38 redevelopment project area that, pursuant to a redevelopment plan
39 which contains the provisions required by Section 33670, is either:

40 (A) adopted on or after January 1, 1994, including later

1 amendments to these redevelopment plans; or (B) adopted prior
2 to January 1, 1994, but amended, after January 1, 1994, to include
3 new territory. For plans amended after January 1, 1994, only the
4 tax increments from territory added by the amendment shall be
5 subject to this section. All the amounts calculated pursuant to this
6 section shall be calculated after the amount required to be deposited
7 in the Low and Moderate Income Housing Fund pursuant to
8 Sections 33334.2, 33334.3, and 33334.6 has been deducted from
9 the total amount of tax increment funds received by the agency in
10 the applicable fiscal year.

11 (2) The payments made pursuant to this section shall be in
12 addition to any amounts the affected taxing entities receive
13 pursuant to subdivision (a) of Section 33670. The payments made
14 pursuant to this section to the affected taxing entities, including
15 the community, shall be allocated among the affected taxing
16 entities, including the community if the community elects to receive
17 payments, in proportion to the percentage share of property taxes
18 each affected taxing entity, including the community, receives
19 during the fiscal year the funds are allocated, which percentage
20 share shall be determined without regard to any amounts allocated
21 to a city, a city and county, or a county pursuant to Sections 97.68
22 and 97.70 of the Revenue and Taxation Code, and without regard
23 to any allocation reductions to a city, a city and county, a county,
24 a special district, or a redevelopment agency pursuant to Sections
25 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and
26 Section 33681.12. The agency shall reduce its payments pursuant
27 to this section to an affected taxing entity by any amount the agency
28 has paid, directly or indirectly, pursuant to Section 33445, 33445.5,
29 33445.6, 33446, or any other provision of law other than this
30 section for, or in connection with, a public facility owned or leased
31 by that affected taxing agency, except: (A) any amounts the
32 agency has paid directly or indirectly pursuant to an agreement
33 with a taxing entity adopted prior to January 1, 1994; or (B) any
34 amounts that are unrelated to the specific project area or
35 amendment governed by this section. The reduction in a payment
36 by an agency to a school district, community college district, or
37 county office of education, or for special education, shall be
38 subtracted only from the amount that otherwise would be available
39 for use by those entities for educational facilities pursuant to
40 paragraph (4). If the amount of the reduction exceeds the amount

1 that otherwise would have been available for use for educational
2 facilities in any one year, the agency shall reduce its payment in
3 more than one year.

4 (3) If an agency reduces its payment to a school district,
5 community college district, or county office of education, or for
6 special education, the agency shall do all of the following:

7 (A) Determine the amount of the total payment that would have
8 been made without the reduction.

9 (B) Determine the amount of the total payment without the
10 reduction which: (i) would have been considered property taxes;
11 and (ii) would have been available to be used for educational
12 facilities pursuant to paragraph (4).

13 (C) Reduce the amount available to be used for educational
14 facilities.

15 (D) Send the payment to the school district, community college
16 district, or county office of education, or for special education,
17 with a statement that the payment is being reduced and including
18 the calculation required by this subdivision showing the amount
19 to be considered property taxes and the amount, if any, available
20 for educational facilities.

21 (4) (A) Except as specified in subparagraph (E), of the total
22 amount paid each year pursuant to this section to school districts,
23 43.3 percent shall be considered to be property taxes for the
24 purposes of paragraph (1) of subdivision (h) of Section 42238 of
25 the Education Code, *as it read on January 1, 2013, and paragraph*
26 *(1) of subdivision (j) of Section 42238.02 of the Education Code,*
27 and 56.7 percent shall not be considered to be property taxes for
28 the purposes of that section and shall be available to be used for
29 educational facilities, including, in the case of amounts paid during
30 the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive,
31 land acquisition, facility construction, reconstruction, remodeling,
32 maintenance, or deferred maintenance.

33 (B) Except as specified in subparagraph (E), of the total amount
34 paid each year pursuant to this section to community college
35 districts, 47.5 percent shall be considered to be property taxes for
36 the purposes of Section 84751 of the Education Code, and 52.5
37 percent shall not be considered to be property taxes for the purposes
38 of that section and shall be available to be used for educational
39 facilities, including, in the case of amounts paid during the 2011–12
40 fiscal year through the 2015–16 fiscal year, inclusive, land

1 acquisition, facility construction, reconstruction, remodeling,
2 maintenance, or deferred maintenance.

3 (C) Except as specified in subparagraph (E), of the total amount
4 paid each year pursuant to this section to county offices of
5 education, 19 percent shall be considered to be property taxes for
6 the purposes of Section 2558 of the Education Code, *as it read on*
7 *January 1, 2013, and Section 2575 of the Education Code*, and 81
8 percent shall not be considered to be property taxes for the purposes
9 of that section and shall be available to be used for educational
10 facilities, including, in the case of amounts paid during the 2011–12
11 fiscal year through the 2015–16 fiscal year, inclusive, land
12 acquisition, facility construction, reconstruction, remodeling,
13 maintenance, or deferred maintenance.

14 (D) Except as specified in subparagraph (E), of the total amount
15 paid each year pursuant to this section for special education, 19
16 percent shall be considered to be property taxes for the purposes
17 of Section 56712 of the Education Code, and 81 percent shall not
18 be considered to be property taxes for the purposes of that section
19 and shall be available to be used for education facilities, including,
20 in the case of amounts paid during the 2011–12 fiscal year through
21 the 2015–16 fiscal year, inclusive, land acquisition, facility
22 construction, reconstruction, remodeling, maintenance, or deferred
23 maintenance.

24 (E) If, pursuant to paragraphs (2) and (3), an agency reduces its
25 payments to an educational entity, the calculation made by the
26 agency pursuant to paragraph (3) shall determine the amount
27 considered to be property taxes and the amount available to be
28 used for educational facilities in the year the reduction was made.

29 (5) Local education agencies that use funds received pursuant
30 to this section for school facilities shall spend these funds at schools
31 that are: (A) within the project area, (B) attended by students from
32 the project area, (C) attended by students generated by projects
33 that are assisted directly by the redevelopment agency, or (D)
34 determined by the governing board of a local education agency to
35 be of benefit to the project area.

36 (b) Commencing with the first fiscal year in which the agency
37 receives tax increments and continuing through the last fiscal year
38 in which the agency receives tax increments, a redevelopment
39 agency shall pay to the affected taxing entities, including the
40 community if the community elects to receive a payment, an

1 amount equal to 25 percent of the tax increments received by the
2 agency after the amount required to be deposited in the Low and
3 Moderate Income Housing Fund has been deducted. In any fiscal
4 year in which the agency receives tax increments, the community
5 that has adopted the redevelopment project area may elect to
6 receive the amount authorized by this paragraph.

7 (c) Commencing with the 11th fiscal year in which the agency
8 receives tax increments and continuing through the last fiscal year
9 in which the agency receives tax increments, a redevelopment
10 agency shall pay to the affected taxing entities, other than the
11 community which has adopted the project, in addition to the
12 amounts paid pursuant to subdivision (b) and after deducting the
13 amount allocated to the Low and Moderate Income Housing Fund,
14 an amount equal to 21 percent of the portion of tax increments
15 received by the agency, which shall be calculated by applying the
16 tax rate against the amount of assessed value by which the current
17 year assessed value exceeds the first adjusted base year assessed
18 value. The first adjusted base year assessed value is the assessed
19 value of the project area in the 10th fiscal year in which the agency
20 receives tax increment revenues.

21 (d) Commencing with the 31st fiscal year in which the agency
22 receives tax increments and continuing through the last fiscal year
23 in which the agency receives tax increments, a redevelopment
24 agency shall pay to the affected taxing entities, other than the
25 community which has adopted the project, in addition to the
26 amounts paid pursuant to subdivisions (b) and (c) and after
27 deducting the amount allocated to the Low and Moderate Income
28 Housing Fund, an amount equal to 14 percent of the portion of tax
29 increments received by the agency, which shall be calculated by
30 applying the tax rate against the amount of assessed value by which
31 the current year assessed value exceeds the second adjusted base
32 year assessed value. The second adjusted base year assessed value
33 is the assessed value of the project area in the 30th fiscal year in
34 which the agency receives tax increments.

35 (e) (1) Prior to incurring any loans, bonds, or other
36 indebtedness, except loans or advances from the community, the
37 agency may subordinate to the loans, bonds, or other indebtedness
38 the amount required to be paid to an affected taxing entity by this
39 section, provided that the affected taxing entity has approved these
40 subordinations pursuant to this subdivision.

(2) At the time the agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

(3) Within 45 days after receipt of the agency's request, the affected taxing entity shall approve or disapprove the request for subordination. An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

(f) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of a redevelopment plan, and payments made pursuant to this section will benefit redevelopment project areas.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

(2) Notwithstanding any other provision of law, a redevelopment agency shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a redevelopment plan pursuant to Section 33501, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(g) As used in this section, a "local education agency" is a school district, a community college district, or a county office of education.

SEC. 112. Section 33684 of the Health and Safety Code is amended to read:

33684. (a) (1) This section shall apply to each redevelopment project area that, pursuant to a redevelopment plan that contains the provisions required by Section 33670, meets any of the following:

1 (A) Was adopted on or after January 1, 1994, including later
2 amendments to these redevelopment plans.

3 (B) Was adopted prior to January 1, 1994, but amended after
4 January 1, 1994, to include new territory. For plans amended after
5 January 1, 1994, only the tax increments from territory added by
6 the amendment shall be subject to this section.

7 (C) Was adopted prior to January 1, 1994, but amended after
8 January 1, 1994, to increase the limitation on the number of dollars
9 to be allocated to the agency or that increased, or eliminated,
10 pursuant to paragraph (1) of subdivision (e) of Section 33333.6,
11 the time limit on the establishing of loans, advances, and
12 indebtedness established pursuant to paragraphs (1) and (2) of
13 subdivision (a) of Section 33333.6, as those paragraphs read on
14 December 31, 2001, or that lengthened the period during which
15 the redevelopment plan is effective if the redevelopment plan being
16 amended contains the provisions required by subdivision (b) of
17 Section 33670.

18 (2) This section shall apply to passthrough payments, as required
19 by Sections 33607.5 and 33607.7, for the 2003–04 to 2008–09,
20 inclusive, fiscal years. For purposes of this section, a passthrough
21 payment shall be considered the responsibility of an agency in the
22 fiscal year the agency receives the tax increment revenue for which
23 the passthrough payment is required.

24 (3) For purposes of this section, “local educational agency” is
25 a school district, a community college district, or a county office
26 of education.

27 (b) On or before October 1, 2008, each agency shall submit a
28 report to the county auditor and to each affected taxing entity that
29 describes each project area, including its location, purpose, date
30 established, date or dates amended, and statutory and contractual
31 passthrough requirements. The report shall specify, by year, for
32 each project area all of the following:

33 (1) Gross tax increment received between July 1, 2003, and
34 June 30, 2008, that is subject to a passthrough payment pursuant
35 to Sections 33607.5 and 33607.7, and accumulated gross tax
36 increments through June 30, 2003.

37 (2) Total passthrough payments to each taxing entity that the
38 agency deferred pursuant to a subordination agreement approved
39 by the taxing agency under subdivision (e) of Section 33607.5 and
40 the dates these deferred payments will be made.

1 (3) Total passthrough payments to each taxing entity that the
2 agency was responsible to make between July 1, 2003, and June
3 30, 2008, pursuant to Sections 33607.5 and 33607.7, excluding
4 payments identified in paragraph (2).

5 (4) Total passthrough payments that the agency disbursed to
6 each taxing entity between July 1, 2003, and June 30, 2008,
7 pursuant to Sections 33607.5 and 33607.7.

8 (5) Total sums reported in paragraph (4) for each local
9 educational agency that are considered to be property taxes under
10 the provisions of paragraph (4) of subdivision (a) of Section
11 33607.5 and Section 33607.7.

12 (6) Total outstanding payment obligations to each taxing entity
13 as of June 30, 2008. This amount shall be calculated by subtracting
14 the amounts reported in paragraph (4) from paragraph (3) and
15 reporting any positive difference.

16 (7) Total outstanding overpayments to each taxing entity as of
17 June 30, 2008. This amount shall be calculated by subtracting the
18 amounts reported in paragraph (3) from paragraph (4) and reporting
19 any positive difference.

20 (8) The dates on which the agency made payments identified
21 in paragraph (6) or intends to make the payments identified in
22 paragraph (6).

23 (9) A revised estimate of the agency's total outstanding
24 passthrough payment obligation to each taxing agency pursuant
25 to paragraph (6) of subdivision (b) and paragraph (6) of subdivision
26 (c) and the dates on which the agency intends to make these
27 payments.

28 (c) On or before October 1, 2009, each agency shall submit a
29 report to the county auditor and to each affected taxing entity that
30 describes each project area, including its location, purpose, date
31 established, date or dates amended, and statutory and contractual
32 passthrough requirements. The report shall specify, by year, for
33 each project area all of the following:

34 (1) Gross tax increment received between July 1, 2008, and
35 June 30, 2009, that is subject to a passthrough payment pursuant
36 to Sections 33607.5 and 33607.7.

37 (2) Total passthrough payments to each taxing entity that the
38 agency deferred pursuant to a subordination agreement approved
39 by the taxing entity under subdivision (e) of Section 33607.5 and
40 the dates these deferred payments will be made.

1 (3) Total passthrough payments to each taxing entity that the
2 agency was responsible to make between July 1, 2008, and June
3 30, 2009, pursuant to Sections 33607.5 and 33607.7, excluding
4 payments identified in paragraph (2).

5 (4) Total passthrough payments that the agency disbursed to
6 each taxing entity between July 1, 2008, and June 30, 2009,
7 pursuant to Sections 33607.5 and 33607.7.

8 (5) Total sums reported in paragraph (4) for each local
9 educational agency that are considered to be property taxes under
10 the provisions of paragraph (4) of subdivision (a) of Sections
11 33607.5 and 33607.7.

12 (6) Total outstanding payment obligations to each taxing entity
13 as of June 30, 2009. This amount shall be calculated by subtracting
14 the amounts reported in paragraph (4) from paragraph (3) and
15 reporting any positive difference.

16 (7) Total outstanding overpayments to each taxing entity as of
17 June 30, 2009. This amount shall be calculated by subtracting the
18 amounts reported in paragraph (3) from paragraph (4) and reporting
19 any positive difference.

20 (8) The dates on which the agency made payments identified
21 in paragraph (6) or intends to make the payments identified in
22 paragraph (6).

23 (d) If an agency reports pursuant to paragraph (6) of subdivision
24 (b) or paragraph (6) of subdivision (c) that it has an outstanding
25 passthrough payment obligation to any taxing entity, the agency
26 shall submit annual updates to the county auditor on October 1 of
27 each year until such time as the county auditor notifies the agency
28 in writing that the agency's outstanding payment obligations have
29 been fully satisfied. The report shall contain both of the following:

30 (1) A list of payments to each taxing agency and to the
31 Educational Revenue Augmentation Fund pursuant to subdivision
32 (j) that the agency disbursed after the agency's last update filed
33 pursuant to this subdivision or, if no update has been filed, after
34 the agency's submission of the reports required pursuant to
35 subdivisions (b) and (c). The list of payments shall include only
36 those payments that address obligations identified pursuant to
37 paragraph (6) of subdivision (b) and paragraph (6) of subdivision
38 (c). The update shall specify the date on which each payment was
39 disbursed.

(2) A revised estimate of the agency's total outstanding passthrough payment obligation to each taxing agency pursuant to paragraph (6) of subdivision (b) and paragraph (6) of subdivision (c) and the dates on which the agency intends to make these payments.

(e) The county auditor shall review each agency's reports submitted pursuant to subdivisions (b) and (c) and any other relevant information to determine whether the county auditor concurs with the information included in the reports.

(1) If the county auditor concurs with the information included in a report, the county auditor shall issue a finding of concurrence within 45 days.

(2) If the county auditor does not concur with the information included in a report or considers the report to be incomplete, the county auditor shall return the report to the agency within 45 days with information identifying the elements of the report with which the county auditor does not concur or considers to be incomplete. The county auditor shall provide the agency at least 15 days to respond to concerns raised by the county auditor regarding the information contained in the report. An agency may revise a report that has not received a finding of concurrence and resubmit it to the county auditor.

(3) If an agency and county auditor do not agree regarding the passthrough requirements of Sections 33607.5 and 33607.7, an agency may submit a report pursuant to subdivisions (b) and (c) and a statement of dispute identifying the issue needing resolution.

(4) An agency may amend a report for which the county auditor has issued a finding of concurrence and resubmit the report pursuant to paragraphs (1), (2), and (3) if any of the following apply:

(A) The county auditor and agency agree that an issue identified in the agency's statement of dispute has been resolved and the agency proposes to modify the sections of the report to conform with the resolution of the statement of dispute.

(B) The county auditor and agency agree that the amount of gross tax increment or the amount of a passthrough payment to a taxing entity included in the report is not accurate.

(5) The Controller may revoke a finding of concurrence and direct the agency to resubmit a report to the county auditor pursuant

1 to paragraphs (1), (2), and (3) if the Controller finds significant
2 errors in a report.

3 (f) On or before December 15, 2008, and annually thereafter
4 through 2014, the county auditor shall submit a report to the
5 Controller that includes all of the following:

6 (1) The name of each redevelopment project area in the county
7 for which an agency must submit a report pursuant to subdivision
8 (b) or (c) and information as to whether the county auditor has
9 issued a finding of concurrence regarding the report.

10 (2) A list of the agencies for which the county auditor has issued
11 a finding of concurrence for all project areas identified in paragraph
12 (1).

13 (3) A list of agencies for which the county auditor has not issued
14 a finding of concurrence for all project areas identified in paragraph
15 (1).

16 (4) Using information applicable to agencies listed in paragraph
17 (2), the county auditor shall report all of the following:

18 (A) The total sums reported by each redevelopment agency
19 related to each taxing entity pursuant to paragraphs (1) to (7),
20 inclusive, of subdivision (b) and, on or after December 15, 2009,
21 pursuant to paragraphs (1) to (7), inclusive, of subdivision (c).

22 (B) The names of agencies that have outstanding passthrough
23 payment obligations to a local educational agency that exceed the
24 amount of outstanding passthrough payments to the local
25 educational agency.

26 (C) Summary information regarding agencies' stated plans to
27 pay the outstanding amounts identified in paragraph (6) of
28 subdivision (b) and paragraph (6) of subdivision (c) and the actual
29 amounts that have been deposited into the county Educational
30 Revenue Augmentation Fund pursuant to subdivision (j).

31 (D) All unresolved statements of dispute filed by agencies
32 pursuant to paragraph (3) of subdivision (e) and the county
33 auditor's analyses supporting the county auditor's conclusions
34 regarding the issues under dispute.

35 (g) (1) On or before February 1, 2009, and annually thereafter
36 through 2015, the Controller shall submit a report to the Legislative
37 Analyst's Office and the Department of Finance and provide a
38 copy to the Board of Governors of the California Community
39 Colleges. The report shall provide information as follows:

1 (A) Identify agencies for which the county auditor has issued
2 a finding of concurrence for all reports required under subdivisions
3 (b) and (c).

4 (B) Identify agencies for which the county auditor has not issued
5 a finding of concurrence for all reports required pursuant to
6 subdivision (b) and all reports required pursuant to subdivision (c)
7 or for which a finding of concurrence has been withdrawn by the
8 Controller.

9 (C) Summarize the information reported in paragraph (4) of
10 subdivision (f). This summary shall identify, by local educational
11 agency and by year, the total amount of passthrough payments that
12 each local educational agency received, was entitled to receive,
13 subordinated, or that has not yet been paid, and the portion of these
14 amounts that are considered to be property taxes for purposes of
15 Sections 2558; and 42238 of the Education Code, as those sections
16 read on January 1, 2013, and, after June 30, 2013, Sections 2575
17 and 42238.02, and Section 84751 of the Education Code. The
18 report shall identify, by agency, the amounts that have been
19 deposited to the county Educational Revenue Augmentation Fund
20 pursuant to subdivision (j).

21 (D) Summarize the statements of dispute. The Controller shall
22 specify the status of these disputes, including whether the
23 Controller or other state entity has provided instructions as to how
24 these disputes should be resolved.

25 (E) Identify agencies that have outstanding passthrough payment
26 liabilities to a local educational agency that exceed the amount of
27 outstanding passthrough overpayments to the local educational
28 agency.

29 (2) On or before February 1, 2009, and annually thereafter
30 through 2015, the Controller shall submit a report to the State
31 Department of Education and the Board of Governors of the
32 California Community Colleges. The report shall identify, by local
33 educational agency and by year of receipt, the total amount of
34 passthrough payments that the local educational agency received
35 from redevelopment agencies listed in subparagraph (A) of
36 paragraph (1).

37 (h) (1) On or before April 1, 2009, and annually thereafter until
38 April 1, 2015, the State Department of Education shall do all of
39 the following:

1 (A) Calculate for each school district for the 2003–04 to
2 2007–08, inclusive, fiscal years the difference between 43.3 percent
3 of the amount reported pursuant to paragraph (2) of subdivision
4 (g) and the amount subtracted from each school district's
5 apportionment pursuant to paragraph (6) of subdivision (h) of
6 Section 42238 of the Education Code, *as it read on January 1,*
7 *2013.*

8 (B) Calculate for each county superintendent of schools for the
9 2003–04 to 2007–08, inclusive, fiscal years the difference between
10 19 percent of the amount reported pursuant to paragraph (2) of
11 subdivision (g) and the amount received pursuant to Sections
12 33607.5 and 33607.7 and subtracted from each county
13 superintendent of schools apportionment pursuant to subdivision
14 (c) of Section 2558 of the Education Code, *as it read on January*
15 *1, 2013.*

16 (C) Notify each school district and county superintendent of
17 schools for which any amount calculated in subparagraph (A) or
18 (B) is nonzero as to the reported change and its resulting impact
19 on apportionments. After April 1, 2009, however, the department
20 shall not notify a school district or county superintendent of schools
21 if the amount calculated in subparagraph (A) or (B) is the same
22 amount as the department calculated in the preceding year.

23 (2) On or before April 1, 2010, and annually thereafter until
24 April 1, 2015, the State Department of Education shall do all of
25 the following:

26 (A) Calculate for each school district for the 2008–09 fiscal
27 year the difference between 43.3 percent of the amount reported
28 pursuant to paragraph (2) of subdivision (g) and the amount
29 subtracted from each school district's apportionment pursuant to
30 paragraph (6) of subdivision (h) of Section 42238 of the Education
31 Code, *as it read on January 1, 2013.*

32 (B) Calculate for each county superintendent of schools for the
33 2008–09 fiscal year the difference between 19 percent of the
34 amount reported pursuant to paragraph (2) of subdivision (g) and
35 the amount received pursuant to Sections 33607.5 and 33607.7
36 and subtracted from each county superintendent of schools
37 apportionment pursuant to subdivision (c) of Section 2558 of the
38 Education Code, *as it read on January 1, 2013.*

39 (C) Notify each school district and county superintendent of
40 schools for which any amount calculated in subparagraph (A) or

(B) is nonzero as to the reported change and its resulting impact on revenue limit apportionments. After April 1, 2010, however, the department shall not notify a school district or county superintendent of schools if the amount calculated in subparagraph (A) or (B) is the same amount as the department calculated in the preceding year.

(3) For the purposes of Article 3 (commencing with Section 41330) of Chapter 3 of Part 24 of Division 3 of Title 2 of the Education Code, the amounts reported to each school district and county superintendent of schools in the notification required pursuant to subparagraph (C) of paragraph (1) and subparagraph (C) of paragraph (2) shall be deemed to be apportionment significant audit exceptions and the date of receipt of that notification shall be deemed to be the date of receipt of the final audit report that includes those audit exceptions.

(4) On or before March 1, 2009, and annually thereafter until March 1, 2015, the Board of Governors of the California Community Colleges shall do all of the following:

(A) Calculate for each community college district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 47.5 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each district’s total revenue owed pursuant to subdivision (d) of Section 84751 of the Education Code.

(B) Notify each community college district for which any amount calculated in subparagraph (A) is nonzero as to the reported change and its resulting impact on apportionments. After March 1, 2009, however, the board shall not notify a school district or county superintendent of schools if the amount calculated in subparagraph (A) is the same amount as the board calculated in the preceding year.

(5) On or before March 1, 2010, and annually thereafter until March 1, 2015, the Board of Governors of the California Community Colleges shall do all of the following:

(A) Calculate for each community college district for the 2003–04 to 2007–08, inclusive, fiscal years the difference between 47.5 percent of the amount reported pursuant to paragraph (2) of subdivision (g) and the amount subtracted from each district’s total revenue owed pursuant to subdivision (d) of Section 84751 of the Education Code.

1 (B) Notify each community college district for which any
2 amount calculated in subparagraph (A) is nonzero as to the reported
3 change and its resulting impact on revenue apportionments. After
4 March 1, 2010, however, the board shall not notify a community
5 college district if the amount calculated in subparagraph (A) is the
6 same amount as the board calculated in the preceding year.

7 (6) A community college district may submit documentation to
8 the Board of Governors of the California Community Colleges
9 showing that all or part of the amount reported to the district
10 pursuant to subparagraph (B) of paragraph (4) and subparagraph
11 (B) of paragraph (5) was previously reported to the California
12 Community Colleges for the purpose of the revenue level
13 calculations made pursuant to Section 84751 of the Education
14 Code. Upon acceptance of the documentation, the board shall
15 adjust the amounts calculated in paragraphs (4) and (5) accordingly.

16 (7) The Board of Governors of the California Community
17 Colleges shall make corrections in any amounts allocated in any
18 fiscal year to each community college district for which any amount
19 calculated in paragraphs (4) and (5) is nonzero so as to account
20 for the changes reported pursuant to paragraph (4) of subdivision
21 (b) and paragraph (4) of subdivision (c). The board may make the
22 corrections over a period of time, not to exceed five years.

23 (i) (1) After February 1, 2009, for an agency listed on the most
24 recent Controller's report pursuant to subparagraph (B) or (E) of
25 paragraph (1) of subdivision (g), all of the following shall apply:

26 (A) The agency shall be prohibited from adding new project
27 areas or expanding existing project areas. For purposes of this
28 paragraph, "project area" has the same meaning as in Sections
29 33320.1 to 33320.3, inclusive, and Section 33492.3.

30 (B) The agency shall be prohibited from issuing new bonds,
31 notes, interim certificates, debentures, or other obligations, whether
32 funded, refunded, assumed, or otherwise, pursuant to Article 5
33 (commencing with Section 33640).

34 (C) The agency shall be prohibited from encumbering any funds
35 or expending any moneys derived from any source, except that
36 the agency may encumber funds and expend funds to pay, if any,
37 all of the following:

38 (i) Bonds, notes, interim certificates, debentures, or other
39 obligations issued by an agency before the imposition of the
40 prohibition in subparagraph (B) whether funded, refunded,

1 assumed, or otherwise, pursuant to Article 5 (commencing with
2 Section 33460).

3 (ii) Loans or moneys advanced to the agency, including, but not
4 limited to, loans from federal, state, local agencies, or a private
5 entity.

6 (iii) Contractual obligations that, if breached, could subject the
7 agency to damages or other liabilities or remedies.

8 (iv) Obligations incurred pursuant to Section 33445.

9 (v) Indebtedness incurred pursuant to Section 33334.2 or
10 33334.6.

11 (vi) Obligations incurred pursuant to Section 33401.

12 (vii) An amount, to be expended for the monthly operation and
13 administration of the agency, that may not exceed 75 percent of
14 the average monthly amount spent for those purposes in the fiscal
15 year preceding the fiscal year in which the agency was first listed
16 on the Controller's report pursuant to subparagraph (B) or (E) of
17 paragraph (1) of subdivision (g).

18 (2) After February 1, 2009, an agency identified in subparagraph
19 (B) or (E) of paragraph (1) of subdivision (g) shall incur interest
20 charges on any passthrough payment that is made to a local
21 educational agency more than 60 days after the close of the fiscal
22 year in which the passthrough payment was required. Interest shall
23 be charged at a rate equal to 150 percent of the current Pooled
24 Money Investment Account earnings annual yield rate and shall
25 be charged for the period beginning 60 days after the close of the
26 fiscal year in which the passthrough payment was due through the
27 date that the payment is made.

28 (3) The Controller, with the concurrence of the Director of
29 Finance, may waive the provisions of paragraphs (1) and (2) for
30 a period of up to 12 months if the Controller determines all of the
31 following:

32 (A) The county auditor has identified the agency in its most
33 recent report issued pursuant to paragraph (2) of subdivision (f)
34 as an agency for which the auditor has issued a finding of
35 concurrence for all reports required pursuant to subdivisions (b)
36 and (c).

37 (B) The agency has filed a statement of dispute on an issue or
38 issues that, in the opinion of the Controller, are likely to be resolved
39 in a manner consistent with the agency's position.

1 (C) The agency has made passthrough payments to local
2 educational agencies and the county Educational Revenue
3 Augmentation Fund, or has had funds previously withheld by the
4 auditor, in amounts that would satisfy the agency's passthrough
5 payment requirements to local educational agencies if the issue or
6 issues addressed in the statement of dispute were resolved in a
7 manner consistent with the agency's position.

8 (D) The agency would sustain a fiscal hardship if it made
9 passthrough payments to local educational agencies and the county
10 Educational Revenue Augmentation Fund in the amounts estimated
11 by the county auditor.

12 (j) Notwithstanding any other provision of law, if an agency
13 report submitted pursuant to subdivision (b) or (c) indicates
14 outstanding payment obligations to a local educational agency,
15 the agency shall make these outstanding payments as follows:

16 (1) Of the outstanding payments owed to school districts,
17 including any interest payments pursuant to paragraph (2) of
18 subdivision (i), 43.3 percent shall be deposited in the county
19 Educational Revenue Augmentation Fund and the remainder shall
20 be allocated to the school district or districts.

21 (2) Of the outstanding payments owed to community college
22 districts, including any interest payments pursuant to paragraph
23 (2) of subdivision (i), 47.5 percent shall be deposited in the county
24 Educational Revenue Augmentation Fund and the remainder shall
25 be allocated to the community college district or districts.

26 (3) Of the outstanding payments owed to county offices of
27 education, including any interest payments pursuant to paragraph
28 (2) of subdivision (i), 19 percent shall be deposited in the county
29 Educational Revenue Augmentation Fund and the remainder shall
30 be allocated to the county office of education.

31 (k) (1) This section shall not be construed to increase any
32 allocations of excess, additional, or remaining funds that would
33 otherwise have been allocated to cities, counties, cities and
34 counties, or special districts pursuant to clause (i) of subparagraph
35 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause
36 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of
37 Section 97.3 of, or Article 4 (commencing with Section 98) of
38 Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation
39 Code had this section not been enacted.

(2) Notwithstanding any other provision of law, no funds deposited in the county Educational Revenue Augmentation Fund pursuant to subdivision (j) shall be distributed to a community college district.

(l) A county may require an agency to reimburse the county for any expenses incurred by the county in performing the services required by this section.

SEC. 113. Section 95 of the Revenue and Taxation Code is amended to read:

95. For the purpose purposes of this chapter:

(a) “Local agency” means a city, county, and special district.

(b) “Jurisdiction” means a local agency, school district, community college district, or county superintendent of schools. A jurisdiction as defined in this subdivision is a “district” for purposes of Section 1 of Article XIII A of the California Constitution.

For jurisdictions located in more than one county, the county auditor of each county in which that jurisdiction is located shall, for the purposes of computing the amount for that jurisdiction pursuant to this chapter, treat the portion of the jurisdiction located within that county as a separate jurisdiction.

(c) “Property tax revenue” includes the amount of state reimbursement for the homeowners’ exemption. “Property tax revenue” does not include the amount of property tax levied for the purpose of making payments for the interest and principal on either of the following:

(1) General obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, including tax rates levied pursuant to Part 10 (commencing with Section 15000) of Division 1 of, and Sections 39308 and 39311 and former Sections 81338 and 81341 of the Education Code, and Section 26912.7 of the Government Code.

(2) Bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters on or after June 4, 1986.

(d) “Taxable assessed value” means total assessed value minus all exemptions other than the homeowners’ and business inventory exemptions.

(e) “Jurisdictional change” includes any change of organization, as defined in Section 56021 of the Government Code and a

1 reorganization, as defined in Section 56073 of the Government
2 Code. “Jurisdictional change” also includes any change in the
3 boundary of those special districts that are not under the jurisdiction
4 of a local agency formation commission.

5 “Jurisdictional change” also includes a functional consolidation
6 where two or more local agencies, except two or more counties,
7 exchange or otherwise reassign functions and any change in the
8 boundaries of a school district or community college district or
9 county superintendent of schools.

10 (f) “School entities” means school districts, community college
11 districts, the Educational Revenue Augmentation Fund, and county
12 superintendents of schools.

13 (g) Except as otherwise provided in this subdivision, “tax rate
14 area” means a specific geographic area all of which is within the
15 jurisdiction of the same combination of local agencies and school
16 entities for the current fiscal year.

17 In the case of a jurisdictional change pursuant to Section 99, the
18 area subject to the change shall constitute a new tax rate area,
19 except that if the area subject to change is within the same
20 combinations of local agencies and school entities as an existing
21 tax rate area, the two tax rate areas may be combined into one tax
22 rate area.

23 Existing tax rate areas having the same combinations of local
24 agencies and school entities may be combined into one tax rate
25 area. For the combination of existing tax rate areas, the factors
26 used to allocate the annual tax increment pursuant to Section 98
27 shall be determined by calculating a weighted average of the annual
28 tax increment factors used in the tax rate areas being combined.

29 (h) “State assistance payments” means:

30 (1) For counties, amounts determined pursuant to subdivision
31 (b) of Section 16260 of the Government Code, increased by the
32 amount specified for each county pursuant to Section 94 of Chapter
33 282 of the Statutes of 1979, with the resultant sum reduced by an
34 amount derived by the calculation made pursuant to Section 16713
35 of the Welfare and Institutions Code.

36 (2) For cities, 82.91 percent of the amounts determined pursuant
37 to subdivisions (b) and (i) of Section 16250 of the Government
38 Code, plus for any city an additional amount equal to one-half of
39 the amount of any outstanding debt as of June 30, 1978, for

1 “museums” as shown in the Controller’s “Annual Report of
2 Financial Transactions of Cities for Fiscal Year 1977–78.”

3 (3) For special districts, 95.24 percent of the amounts received
4 pursuant to Chapter 3 (commencing with Section 16270) of Part
5 1.5 of Division 4 of Title 2 of the Government Code, Section 35.5
6 of Chapter 332 of the Statutes of 1978, and Chapter 12 of the
7 Statutes of 1979.

8 (i) “City clerk” means the clerk of the governing body of a city
9 or city and county.

10 (j) “Executive officer” means the executive officer of a local
11 agency formation commission.

12 (k) “City” means any city whether general law or charter, except
13 a city and county.

14 (l) “County” means any chartered or general law county.
15 “County” includes a city and county.

16 (m) “Special district” means any agency of the state for the local
17 performance of governmental or proprietary functions within
18 limited boundaries. “Special district” includes a county service
19 area, a maintenance district or area, an improvement district or
20 improvement zone, or any other zone or area, formed for the
21 purpose of designating an area within which a property tax rate
22 will be levied to pay for a service or improvement benefiting that
23 area. “Special district” includes the Bay Area Air Quality
24 Management District. “Special district” does not include a city, a
25 county, a school district, or a community college district. “Special
26 district” does not include any agency that is not authorized by
27 statute to levy a property tax rate. However, any special district
28 authorized to levy a property tax by the statute under which the
29 district was formed shall be considered a special district.
30 Additionally, a county free library established pursuant to Article
31 1 (commencing with Section 19100) of Chapter 6 of Part 11 of
32 Division 1 of Title 1 of the Education Code, and for which a
33 property tax was levied in the 1977–78 fiscal year, shall be
34 considered a special district.

35 (n) “Excess tax school entity” means an educational agency for
36 which the amount of the state funding entitlement determined
37 under ~~Section 2558, 42238, 84750, subdivision (e), (f), or (g) of~~
38 ~~Section 2575, or Section 84750.5 or 84751~~ of the Education Code,
39 as appropriate, is zero, *and as described in subdivision (o) of*

1 *Section 42238.02 of the Education Code, as implemented by*
2 *Section 42238.03 of the Education Code.*

3 *SEC. 114. Section 196.4 of the Revenue and Taxation Code is*
4 *amended to read:*

5 196.4. (a) In the 1991–92 fiscal year, the county auditor of an
6 eligible county, proclaimed by the Governor to be in a state of
7 disaster as a result of the Oakland/Berkeley Fire that occurred in
8 October 1991, shall certify to the Director of Finance an estimate
9 of the total amount of the reduction in property tax revenues on
10 both the regular secured roll and the supplemental roll for that
11 fiscal year resulting from the reassessment of eligible properties
12 by the county assessor pursuant to Section 170, except that the
13 amount certified shall not include any estimated property tax
14 revenue reductions to school districts (other than basic state aid
15 school districts), county offices of education, and community
16 college districts.

17 (b) In the 1991–92 fiscal year, the county auditor of an eligible
18 county, proclaimed by the Governor to be in a state of disaster as
19 a result of the Painted Cave Fire that occurred in June 1990, shall
20 certify to the Director of Finance an estimate of the total amount
21 of the reduction in property tax revenues on both the regular
22 secured roll and the supplemental roll for the 1990–91 fiscal year
23 resulting from the reassessment of eligible properties by the county
24 assessor pursuant to Section 170, except that the amount certified
25 shall not include any estimated property tax revenue reductions to
26 school districts (other than basic aid school districts), county offices
27 of education, and community college districts.

28 (c) For purposes of this section, “basic state aid school district”
29 means any school district that does not receive a state
30 apportionment pursuant to subdivision (h) of Section 42238 of the
31 Education Code, *as it read on January 1, 2013*, but receives from
32 the state only a basic apportionment pursuant to Section 6 of Article
33 IX of the California Constitution.

34 *SEC. 115. (a) The sum of two billion ninety-nine million one*
35 *hundred sixty-one thousand dollars (\$2,099,161,000) is hereby*
36 *appropriated from the General Fund for the purposes of this act*
37 *as follows:*

38 (1) *Two million dollars (\$2,000,000) shall be appropriated to*
39 *the Governor’s Office of Planning and Research for purposes of*

1 implementing Sections 42238.07, 52064, and 52064.5 of the
2 Education Code.

3 (2) Two billion sixty-seven million one hundred forty thousand
4 dollars (\$2,067,140,000) shall be appropriated to the
5 Superintendent of Public Instruction and shall be allocated
6 pursuant to the calculation in subdivision (b) of Section 42238.03
7 of the Education Code.

8 (3) Thirty-two million twenty-one thousand dollars
9 (\$32,021,000) shall be appropriated to the Superintendent of Public
10 Instruction and shall be allocated pursuant to the calculation in
11 subdivision (f) of Section 2575 of the Education Code.

12 (b) For purposes of making the computations required by
13 Section 8 of Article XVI of the California Constitution, the
14 appropriation made by subdivision (a) shall be deemed to be
15 “General Fund revenues appropriated for school districts,” as
16 defined in subdivision (c) of Section 41202 of the Education Code,
17 for the 2013–14 fiscal year, and included within the “total
18 allocations to school districts and community college districts
19 from General Fund proceeds of taxes appropriated pursuant to
20 Article XIII B,” as defined in subdivision (e) of Section 41202 of
21 the Education Code, for the 2013–14 fiscal year.

22 SEC. 116. If the Commission on State Mandates determines
23 that this act contains costs mandated by the state, reimbursement
24 to local agencies and school districts for those costs shall be made
25 pursuant to Part 7 (commencing with Section 17500) of Division
26 4 of Title 2 of the Government Code.

27 SEC. 117. This act is a bill providing for appropriations related
28 to the Budget Bill within the meaning of subdivision (e) of Section
29 12 of Article IV of the California Constitution, has been identified
30 as related to the budget in the Budget Bill, and shall take effect
31 immediately.

32 SECTION 1. ~~It is the intent of the Legislature to enact statutory~~
33 ~~changes relating to the Budget Act of 2013.~~